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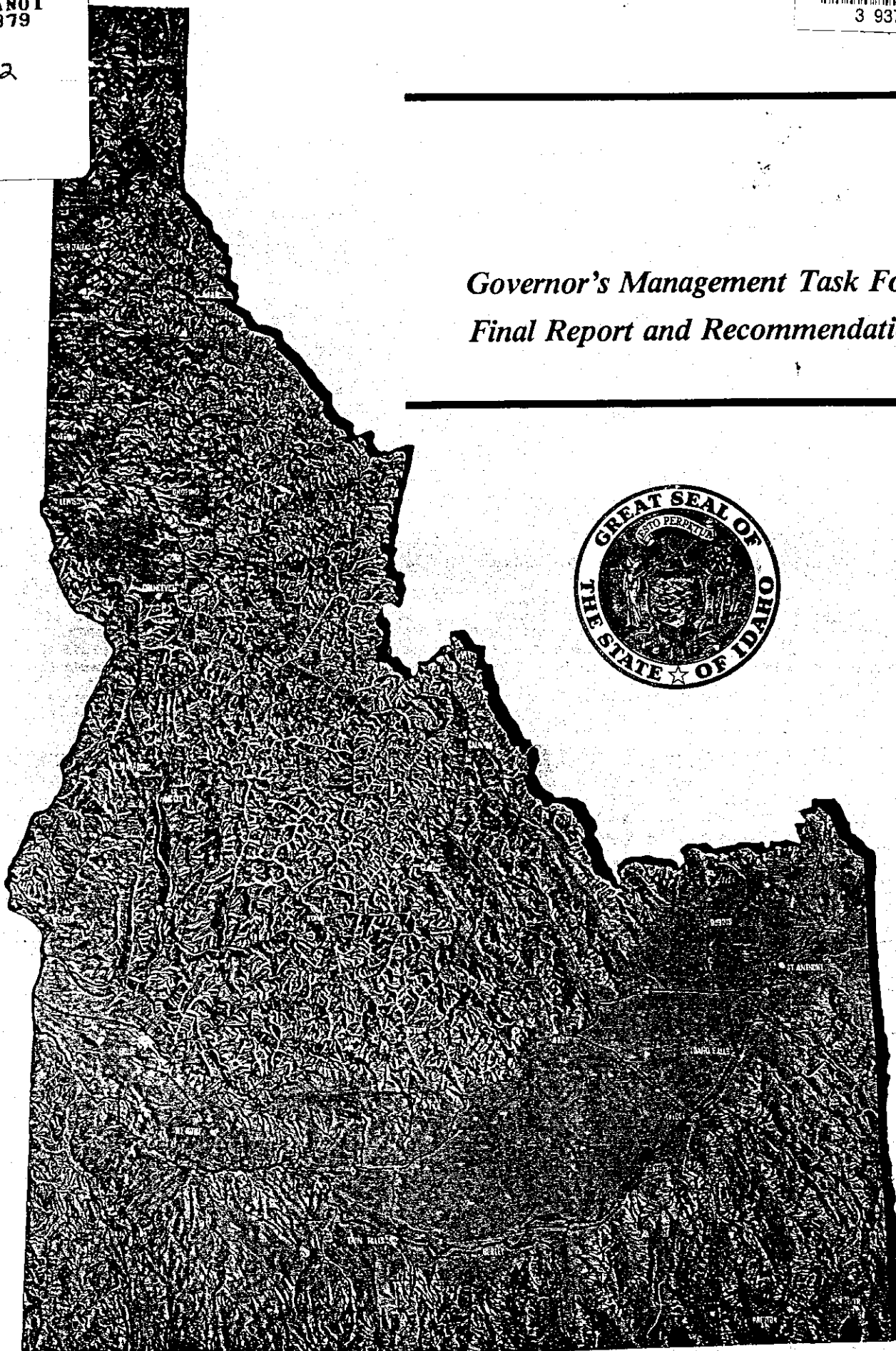
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*Governor's Management Task Force
Final Report and Recommendations*



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*Governor's Management Task Force
Final Report and Recommendations*



GOVERNOR'S MANAGEMENT TASK FORCE

Statehouse
Boise, Idaho 83720

Thomas C. Frye
Chairman

Peter T. Johnson
Vice-Chairman

August 1979

The Honorable John V. Evans
Governor, State of Idaho
State Capitol
Boise, Idaho 83720

Dear Governor Evans:

On behalf of the entire task force, it is a pleasure to submit the final report on our evaluation of state government operations in Idaho. This project, staffed by loaned executives and financed through private sector contributions, represents nearly 11,000 hours of work. The limited exposure afforded by 10 weeks of intensive study does not qualify the task force as experts in government. However, we feel our recommendations will improve the management aspects of existing programs. In addition, we were impressed by the dedicated employees and good delivery of services throughout the agencies reviewed.

The objective of our recommendations is to improve the quality of services being rendered, help lower operating costs and provide employees with a better understanding of their responsibilities in order to increase job satisfaction. Some proposals require more than executive action to implement. Therefore, we urge the Legislature to carefully consider the fundamentals of these recommendations, laying aside past bases of judgment and supporting the concepts of contemporary management and value analysis. While government does not have the same "bottom line" as the private sector, the tools required by its managers and the need to measure results to determine the level of efficiency can be quite similar. Unfortunately, the state's work force is handicapped by the absence of the career planning, results orientation, merit incentives and, most of all, encouragement and recognition found in well-managed companies. Continuing education in management principles for all levels of government administrators is another element which must be given priority if Idaho is to benefit from the opportunities offered by rapidly advancing techniques for performing work, gathering information and organizing people.

Serving as chairman of this project has been extremely rewarding. The fact that you and other state officials have encouraged an objective examination of government efficiency plus the substantial financial commitment made by the sponsoring organizations and the dedication displayed by the task force are excellent examples of the cooperation which should always exist between the public and private sector. Throughout this program, department heads and other government personnel have helped develop ideas which promise great rewards to the citizens of Idaho. Therefore, we urge that these recommendations be implemented as soon as possible by appropriate action of Executive Branch agencies and the Legislature.

Sincerely,



Thomas C. Frye
Chairman

Governor's Management Task Force

Operating Committee

Thomas C. Frye, Chairman
Peter T. Johnson, Vice-Chairman
Carl H. Bailey

Kenneth R. Pyburn
Joseph D. Swoyer

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Foreword

In response to the growing concern over government spending, Governor John V. Evans decided an objective review of the state's management practices would help ensure more effective use of all available resources. Based on the success of similar efforts in other states, he authorized a private sector sponsored task force to identify specific areas where administrative economies could be realized without reducing the quality of government services. An Executive Order created the Governor's Management Task Force and provided it with the authority to carry out this commitment.

Task Force Organization

Governor Evans asked Thomas C. Frye, Chairman and Chief Executive Officer, The Idaho First National Bank, to organize the Governor's Management Task Force in January 1979. Mr. Frye, in turn, enlisted the aid of Peter T. Johnson, former President and Chief Executive Officer, Trus Joist Corp., to serve as Vice-Chairman and participate in the recruiting of volunteers and in fund raising efforts.

Shortly thereafter, a non-profit corporation was formed to process the tax-exempt contributions from the private sector. Throughout the project, coordination and staff support was provided by Warren King and Associates, a Chicago-based management consulting firm.

More than 100 individuals and organizations throughout Idaho responded to the Governor's request for assistance. They made direct financial contributions in excess of \$176,000 and volunteered the services of 26 management specialists for the 10-week study phase.

To fulfill its mission, the task force was organized into three separate teams. Each consisted of eight to 10 management specialists, headed by an experienced corporate administrator.

- ☐ Carl H. Bailey, General Manager-Centralized Staff, Mountain Bell, assumed responsibility for study activities involving the general government agencies and offices.
- ☐ Kenneth R. Pyburn, Location Manager, International Business Machines Corporation, supervised the reviews of all of the state agencies rendering human services.
- ☐ Joseph D. Swoyer, former President, Young & Rubicam, Chicago, headed the group which would evaluate the operations of the economic and natural resource agencies.

Development of Recommendations

The study phase of the program began in late March with all Executive Branch agencies participating. However, the review of educational institutions involved only their relationship to various central services. Elected officials were also invited to participate by the Governor. Those accepting included the Lieutenant Governor, Secretary of State, Attorney General, State Auditor and Superintendent of Public Instruction. State personnel made significant contributions by providing detailed background data on operations and offering suggestions for improvement to the task force. Since the examination of the Industrial Commis-

sion produced no recommendations for change, a report has not been included on this organization.

As research was completed on each agency or function, recommendations were drafted by the task force teams for consideration by the Operating Committee. This group consisted of the Chairman, Vice-Chairman and the three team leaders. Report drafts were carefully edited, then reviewed again by the team leaders to ensure content accuracy. Recommendations were also discussed verbally with respective agency heads to encourage further input and provide an opportunity to initiate implementation. On completion of these activities, the report was released for printing.

The report material is presented in three sections. The first, Government Operations, summarizes task force findings including those of the ad hoc committee on data processing. Here, descriptions of proposed changes and details on anticipated benefits have been substantially condensed. However, backup files contain the full text of proposals as well as other supporting materials. These will be available to expedite implementation.

The second section, Digest of Recommendations, provides an easy reference on each proposal. It includes recommendation statement, identifies the action needed for implementation and summarizes the financial impact. The final section is a complete listing of Sponsoring Organizations. An organization chart of the Executive Branch has also been included on the last page of this section for reference purposes.

Benefits

The task force developed 212 recommendations for improving the management and administration of state government services in Idaho. Of these, 84% require only executive action for implementation while the balance need legislation or constitutional modifications. Wherever possible, the task force identified a specific financial impact for its recommendations. The table, which is shown immediately below, summarizes these financial estimates. However, generation of savings or income was not the sole objective of this program. Realizing anticipated improvements in management effectiveness and service efficiency were equally important goals.

ANALYSIS OF POTENTIAL BENEFITS

	STATE	FEDERAL	TOTALS
Annual			
Savings	\$ 7,146,000	\$ 83,500	\$ 7,229,500
Cost Avoidance	2,315,700	1,327,700	3,643,400
Income	7,835,800	—	7,835,800
Cost	(318,100)	—	(318,100)
Net Annual	<u>\$16,979,400</u>	<u>\$1,411,200</u>	<u>\$18,390,600</u>
One-Time			
Savings	\$ —	—	\$ —
Cost Avoidance	64,600	—	64,600
Income	1,963,700	—	1,963,700
Cost	(1,541,500)	—	(1,541,500)
Net One-Time	<u>\$ 486,800</u>	<u>—</u>	<u>\$ 486,800</u>

Benefits were classified as either annual or one-time in the following categories. Savings are based on proposed reductions in current operating expenses. Cost avoidances represent anticipated reductions in an agency's appropriated funds which are not currently being used. For example, the elimination of a vacant position is a cost avoidance.

Income is the generation of new or increased funds resulting from improved investments, increased service fees, sale of assets and the like. Costs are estimates of the expenditures needed to implement a particular recommendation. Where costs are associated with projected savings, cost avoidances or income, only the net amount is shown.

Proposals to raise fees were restricted to those areas where a specific user group — rather than the general public — was the recipient of a government service. In such cases, the recommended increase was limited to the amount needed to recover the actual cost of providing the service. Since the most direct benefits to Idaho taxpayers will result from recommendations involving state funds, the task force also attempted to classify potential benefits by funding source such as state or federal.

For the most part, benefit calculations were based on fiscal 1980 appropriations. If personnel changes were proposed, the saving and cost estimates were calculated using salary range midpoints plus a conservative 20% to cover fringe benefits. In instances of improved cash flow, the interest on such funds was calculated at an annual rate of 6%.

Every effort was made by the task force to state benefits conservatively. As a result, some implementation results may exceed estimates. Where available data was not sufficient to accurately calculate potential returns, only orders of magnitude were indicated.

Implementation

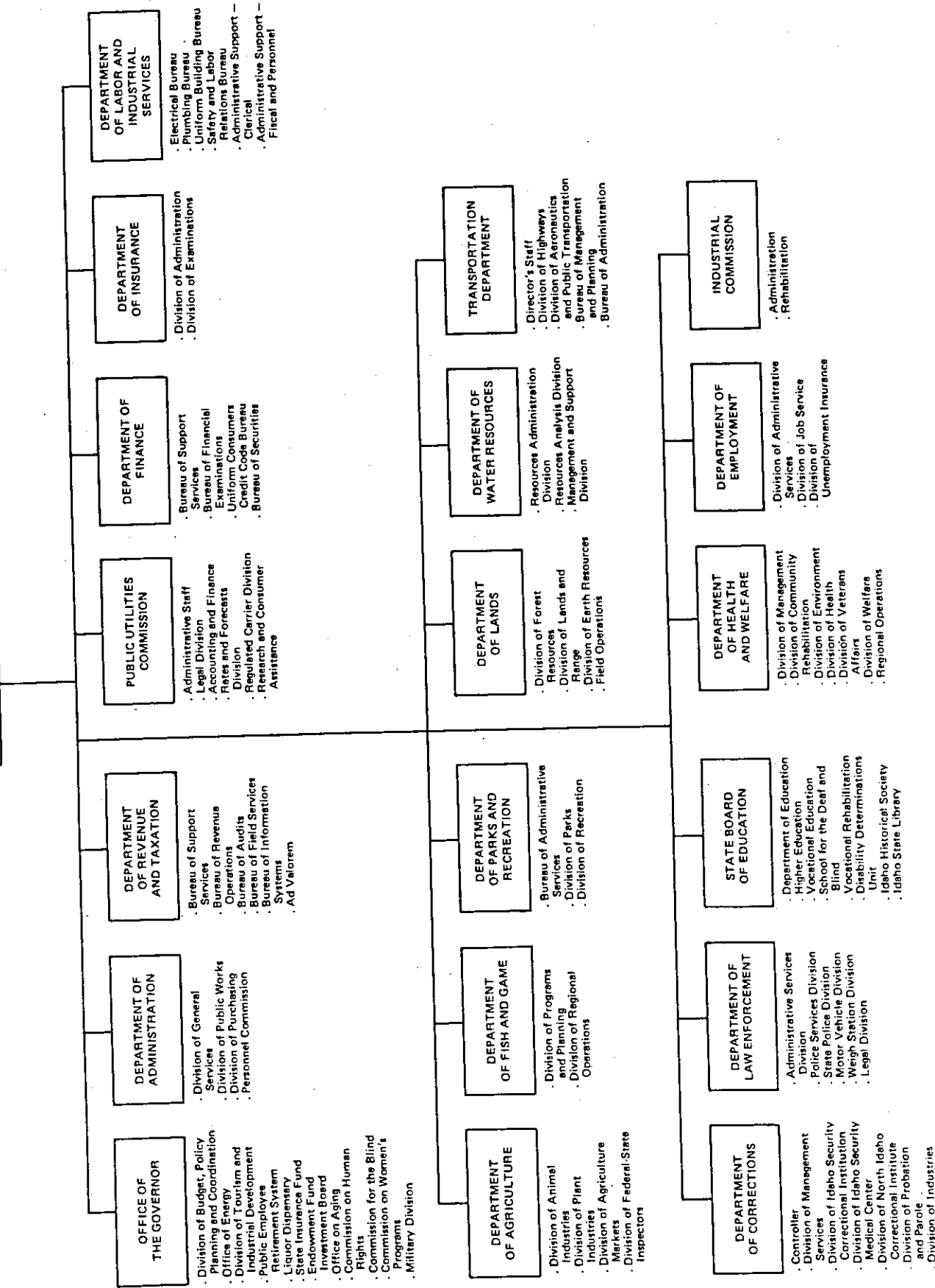
A number of proposals can be implemented with a minimum of delay while more complex recommendations will require greater time and effort. Therefore, the state must establish realistic expectations, priorities and timetables to achieve the potential benefits. However, an effective implementation plan must be developed to optimize results.

Experience in other states indicates about 25% of the expected returns should be achieved in fiscal 1980. This should increase to the 40% or 60% range by the end of fiscal 1981 while additional benefits should continue over the following years.

The major responsibility for implementation rests with individual agencies. Since all recommendations were reviewed with the appropriate officials during May and June, many may already be in effect or in the early stages of implementation. To maintain this momentum, the Governor should direct this overall effort, designating a full-time implementation director to serve on his staff. This is essential. In addition, independent verification of results reported by state agencies should be authorized.

The task force has already appointed a review committee to provide assistance and support as state implementation efforts proceed. Additionally, support and assistance will also be available from the staff of the task force to help in any possible manner.

GOVERNOR



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*Governor's Management Task Force
First Report and Recommendations*

Section I

General

Government

Overview

During its review, the task force found many indications of effective service delivery and conscientious attention to assigned responsibilities by state personnel. However, state government does not operate in a static environment. Changes in programs as well as the need to react to citizen demands require a responsive base on which to build for the future. The statewide reorganization of 1974 provided major improvements in Idaho's operating structure. Now, the proposals of the Governor's Management Task Force offer an even greater opportunity to further refine both organization and operational activities. To achieve this goal, recommendations have been developed to modify the internal activities of several agencies to improve overall coordination. In addition, other functional realignments within and between agencies are also proposed to enhance operating efficiency.

Budgeting, Accounting and Auditing

The task force identified major weaknesses in the coordination of information needed by the state's budgeting and accounting activities. These deficiencies stem from a fragmentation of related functional activities to a large extent. To resolve the problem, recommendations have been formulated to realign responsibilities now housed in several agencies and offices of state government. For example, the State Auditor currently presides over the state's centralized data processing and accounting services while audit responsibilities are assumed by the Legislative Auditor. However, budgeting and economic planning activities rest with the Division of Budget, Policy Planning and Coordination in the Office of the Governor. Therefore, effective direction and coordination of vital fiscal and management information services is difficult, if not impossible, under such diverse circumstances.

As a remedy, the task force has proposed the transfer of accounting functions now performed by the State Auditor to the Division of Budget, Policy Planning and Coordination. This will consolidate interrelated accounting and budgeting activities. In line with its new role, this unit would be renamed as the Division of Financial Management. Since economic planning is no longer an appropriate activity for the division, this responsibility would be moved to the Division of Tourism and Industrial Development in the Office of the Governor. The latter agency would also be renamed as the Division of Commerce, Tourism and Economic Development.

As a constitutionally elected officer, the State Auditor's primary responsibility could logically be assumed by the public to be that of auditing the performance of Executive Branch agencies and identifying areas where financial or operating performance can be improved. Thus, this office would not be expected to perform accounting services or provide data processing capabilities. By reassigning these activities, the potential for conflict of interest would be eliminated. Therefore, the State Auditor should take over the Executive Branch evaluations now performed by the Legislative Auditor.

Another area of the budgeting process which needs attention is the legislative appropriations process. Allocations are utilized to establish controls over state expenditures by imposing dollar limits by department, program and expenditure class. Unfortunately, the seeming inability of the various agencies to obtain capital and operating budget requirements has caused these entities to inflate

personnel funding requests. The monies are then reallocated through the state's transfer process for use in relation to capital and operating programs, making the detailed appropriations procedure almost meaningless. More stringent controls as well as more realistic budgeting approaches have been proposed for implementation by the Legislature to ensure effective fiscal management. Furthermore, an annual report process should be implemented to highlight variances from the original legislative appropriations.

Data Processing

The state has substantial investments in data processing technology. Unfortunately, the lack of appropriate control has resulted in costly decentralization and duplication as well as ineffective responses to the need for timely, accurate management information. Frustrated by the inability of existing operations to meet their requirements, agencies have established independent data processing operations, causing redundancy, inefficiency and inflated expenditures.

To correct this situation, the task force has recommended the creation of a new Department of State Information Systems. This agency would have sole responsibility for data processing planning, development and systems implementation throughout state government. It would also be directed to develop a statewide master plan dealing with data processing resources. The computer center, now under the jurisdiction of the State Auditor, would be moved to the new department to serve as a service bureau for agencies requiring centralized computer capabilities. Monitoring responsibilities currently vested in the Division of Budget, Policy Planning and Coordination would also be reassigned to the new department. However, these actions would not preclude the continued operation of computer centers in individual agencies where such activities can be cost justified.

Personnel Management

Ongoing training for managers and supervisors in modern administrative techniques also deserves attention. Proper instruction will help develop administrators so they can meet current obligations and respond creatively to future challenges. In addition, the state must recruit and promote qualified staff on a timely basis when key vacancies occur. Here, proven management skills should be one of the essential selection criteria.

Since government is almost totally dependent on the quality of personnel resources, inequities in the state's compensation policies should be corrected. Several situations exist where supervisors are receiving lower pay than subordinates. This is contrary to Idaho's recently adopted concept of basing salaries on performance. To attract and retain competent managers, the state must implement a comprehensive evaluation of its compensation/benefits program and take positive steps to correct inequities.

Personnel policies covering staffing changes related to organizational restructurings, resolution of current inequities and appropriate use of exempt status should be developed. For example, an effective attrition program would help adjust personnel levels without adversely affecting employees' performance. This is important in view of task force recommendations addressing staff reductions and reassignments.

Physical Resources

Potential cost reductions are possible in the management of the state's physical resources. Effective management and control of facilities, telecommunications equipment, motor vehicles, capital equipment and state-owned land are essential elements in any program of administrative improvement or cost control.

These and many other areas are covered in the following agency-by-agency analyses plus a special functional report on data processing. Each recommendation has been carefully developed to provide objective, instructive guidance to administrators in the Executive Branch and the Legislature in their efforts to achieve efficient, cost-effective government in Idaho.

Office of the Governor

The Governor is the chief executive officer of the state and serves a term of four years. Incumbents are responsible for supervising all agencies within the Executive Branch except those directed by other elected officials.

Present Operations

The Office of the Governor is organized to provide administrative support to the incumbent and includes 19 positions. Its fiscal 1980 appropriation amounts to slightly more than \$550,000. The present organizational structure includes a chief of staff, a number of special or confidential assistants as well as several clerical support employees.

Weekly meetings are held with office personnel while department heads meet with the Governor on a monthly basis. Schedules identifying the Governor's proposed activities on a daily, weekly and monthly basis are prepared by the assistants who also brief him on important upcoming events. There is little formal reporting at the staff meetings and no minutes are kept. A central file system has been set up to catalog materials on both an alphabetical and topical basis. The Governor maintains an open door policy to help ensure his accessibility to government personnel and other individuals.

Recommendations

In general, the office operates effectively. However, some structural improvements could enhance overall efficiency and partially relieve the burden placed on the chief of staff. In addition, present personnel lack formal job descriptions and written procedures. The physical layout of the office could also be improved.

1. Redefine staff coordination and liaison responsibilities in the Office of the Governor.

A substantial number of the current staff are unsure of their specific responsibilities. As a result, follow-up on assignments is difficult and requires a significant amount of coordination from the chief of staff. Weekly meetings are generally attended by 14 to 16 people. This is too large a group for effective interaction, given the diverse range of interests they represent. The fragmentation of responsibility also has an adverse effect on communications with Executive Branch agencies.

Existing problems could be largely eliminated by restructuring the office. Under the proposed concept, three executive assistants would be appointed to serve the Governor and participate in the monthly department meetings. They would constitute a communications link with the various directors and, at the Governor's assignment, could act as his delegates. Their main responsibility would be to assume administrative chores for the Governor, leaving him with more time for one-to-one contacts. Specific duties would be as follows:

- ☐ **Executive Assistant for Operations:** This individual would act as liaison between the Governor and major agencies within the Executive Branch. The incumbent would supervise three special assistants who would work with groups of departments having the following related interests: human resources, natural resources or economic resources. The executive assistant would also help coordinate department budget requests to ensure conformity with general state policies.
- ☐ **Executive Assistant for Administration:** The responsibilities assigned to this post would involve coordination of service functions provided on a statewide basis by specific departments to other Executive Branch agencies. A major activity would involve the formulation of a master plan for growth, economic development and resource allocation in cooperation with the proposed Division of Commerce, Tourism and Economic Development. Coordination of a statewide information system would be another high priority area.
- ☐ **Executive Assistant for Legislative and Public Affairs:** As the title implies, this individual would establish ongoing communications between the Governor and both the Legislature and the public. Additional liaison responsibilities would encompass the Attorney General's office as well as various local and federal government agencies.

In addition to these positions, a post of administrator would be established to supervise the administrative support functions in the office. Implementation of this approach would greatly enhance overall efficiency. Based on current expenditures, the additional annual cost is estimated at \$36,800.

2. Revise the office layout.

Existing office space is not allocated to ensure efficient work flows, activity coordination or effective utilization of support personnel. To improve this situation, current space assignments should be revised to relocate personnel in more appropriate areas based on the functions they perform. Implementation costs would be minor.

3. Increase participation in the State Executive Institute.

Legislative audits continue to identify a need for improved management training and development in most departments. To meet these needs, a State Executive Institute has been established. However, participation to date has been limited.

Considering the value to be obtained from ongoing management training and upgrading of executive skills, the Governor should initiate a program to increase participation in institute activities through the Executive Branch. The annual cost is estimated at \$68,000.

4. Utilize annual objectives with quarterly progress reports.

In order to document personnel performance, it is necessary to have formal objectives against which to measure achievements. These do not currently exist throughout Idaho's state government.

To remedy this deficiency, each member of the Governor's staff as well as the directors of the various Executive Branch agencies should prepare a concise set of annual objectives, identifying major goals, problems, time schedules and

financial criteria. Quarterly progress reports could then be submitted to document progress or highlight problem areas.

5. Develop written job descriptions.

Where position descriptions exist, they are sketchy and inadequate. As a result, staff members are somewhat unsure of their basic responsibilities and some overlapping or redundancy has developed. To clarify this situation, a program should be undertaken to develop comprehensive job descriptions for each member of the staff.

6. Prepare a procedures manual for staff use.

There are few written procedures with regard to mail handling, telephone calls, personal schedules, information routing and other support activities. This makes training new personnel difficult and impedes general efficiency. A procedures manual should, therefore, be developed to describe various support findings and related duties.

Division of Budget, Policy Planning and Coordination

This division handles a broad range of planning, budgeting and control functions. It is headed by an administrator who supervises a staff of 75. The fiscal 1980 appropriation amounts to almost \$7.4-million. Organizationally, the division consists of the following bureaus:

- ☐ Management Systems: Responsible for ensuring the effectiveness of a variety of budget and control systems including the annual Executive Budget, position, federal aid and allotment controls and fiscal year-end closing procedures.
- ☐ Fiscal: Processes accounting documents and maintains the division's internal accounting system.
- ☐ Community Affairs: Serves as an advocate of local government and provides technical assistance to various communities.
- ☐ Economic, Human and Natural Resources: Assists Executive Branch agencies in the development of annual budget requests. These three bureaus are each responsible for departments with functional responsibilities related to either economic, human or natural resources in the state.
- ☐ Criminal Justice: Handles statewide criminal justice planning and analysis functions in addition to rendering assistance to law enforcement agencies seeking federal grants.

Recommendations

The current staff includes many qualified, dedicated individuals. The administrator functions as the state's chief financial officer, but the division's internal structure is not appropriate for carrying out such a major responsibility. Improvements are needed in several planning and control functions.

7. Revise the functional responsibilities of the division.

The administrator of this division acts as the state's chief financial officer. However, the ability of division personnel to effectively direct Idaho's budget development and control process is substantially reduced by the assignment of inappropriate planning and policy responsibilities. In addition, there is no centralized control of major financial management activities.

A number of changes should be implemented to revise existing functional responsibilities as follows:

- ☐ Transfer administration of the state's accounting system from the State Auditor to the division which should then be retitled the Division of Financial Management.
- ☐ Move current economic and forecasting responsibilities to the proposed Division of Commerce, Tourism and Economic Development in the Office of the Governor.
- ☐ Relocate the division's Criminal Justice Bureau to the Department of Law Enforcement.
- ☐ Reorganize remaining functions in the division into three bureaus: Budget, Accounting and Management Systems. Responsibilities of the new organization would concentrate on financial analysis, planning and control. It would not initiate general policies which would be left to the Governor and his department directors. However, the division would analyze the financial implications of specific policy alternatives. It would also continue to perform major planning and management activities as part of the budget development and control process.

Implementation will permit the administrator to function more effectively in his role as the state's chief financial officer.

8. Implement more effective expenditure controls.

The present system of legislative appropriations establishes control over state expenditures by imposing dollar limits by department, program and expenditure class. In addition, each agency is provided with a list of approved personnel positions. However, the various means available to affect fund transfers from one expenditure class to another make the detailed appropriation procedure almost meaningless. The current system should be revised to establish more effective expenditure controls as follows:

- ☐ No transfers of funds should be permitted between program or expenditure classes. Supplemental appropriations should be requested from the Legislature in emergency situations.
- ☐ Budgetary spending limits should be established based on the total department appropriation. Individual program or expenditure overruns or surpluses would be identified for informational purposes only.
- ☐ The Legislature would retain the right to set authorized personnel limits and could also establish restrictions on funding for specific programs if they are necessary.

Implementation will provide actual program costs and eliminate the large amounts of paperwork now created by fund transfers.

9. Provide instruction on zero-based and incremental budgeting to agency and legislative personnel.

Many agencies feel their budget personnel do not fully understand the mechanics of preparation or the decision unit concept involved in both zero-based and incremental budgeting. Some departments have also indicated that legislative appropriations for their programs are not based on identified decision units. To improve the effectiveness of the budget process, the division should conduct seminars for agency and legislative personnel to discuss important aspects of zero-based and incremental budgeting. This should include the need for recosting legislative appropriations into identified decision units for department use.

10. Define major policies in advance of the budget preparation cycle.

The budget process is not as effective as it should be in producing a management plan for the state. The main reason is that major policies are not completely formulated until the budget preparation cycle is concluded. Gubernatorial guidelines at the beginning of the process are limited to general directives on acceptable department expenditure levels.

To improve the effectiveness of the annual budget, preliminary strategy statements should be prepared by each department to identify anticipated activities during the forthcoming budget year. After review by the Governor, these statements would serve as a basis for budget development activities.

11. Improve the effectiveness of budget control reports.

Many agencies do not consider the expenditure reports produced by the State Auditor to be adequate as budgetary controls. The major problems appear to be timeliness and format. As a result, departments are maintaining internal accounting systems to produce required data.

In order to eliminate such redundancy and reduce related operating costs, it will be necessary to make centralized processing activities more responsive to agency needs. This may entail a major systems development effort including in-depth cost-versus-benefit analyses of proposed changes. Although the costs could be substantial, the anticipated benefits are potentially greater.

12. Revise procedures for evaluating annual performance.

Agencies identify annual performance objectives as part of their budgeting process. However, actual results are not measured against these criteria. They appear as historical data on future budget requests. Procedures should be established to identify performance progress versus annual goals on a quarterly basis. Implementation of this proposal would ensure proper emphasis is placed on operational effectiveness.

13. Include department directors in budget review sessions.

Because directors are not included in the Governor's review sessions with division staff, they can only make after-the-fact appeals regarding budget decisions. To improve overall communications and understanding of gubernatorial objectives, department directors should be included in these review meetings.

14. Provide more data processing support for budget preparation.

Although much of the required information is in computer files, agencies must spend substantial amounts of time manually amassing data for their budget submissions. System modifications would make it possible to provide computer-generated expenditure projections for agency use, greatly simplifying current tasks. The one-time cost of implementation would amount to approximately \$20,000.

15. Simplify budget request forms.

Current forms require excessive amounts of supporting detail. In addition, some of the information requested could be obtained directly from available computer printouts. The time required to prepare budget requests could be reduced substantially if the existing forms were simplified and printouts utilized for wage and salary summaries.

16. Relocate the Peace Officers Standards and Training Academy.

The present facilities are overcrowded and inadequate. The vehicle driving range has been closed as unsafe and the estimated cost of repair of \$58,000.

Upon completion of the new state office tower, agencies now occupying the armory building in Boise will be relocated. The armory would be an excellent site for the academy so plans should be made to shift the operation there. The one-time cost of modifications would be about \$53,000, resulting in a net cost avoidance of \$5,000.

Office of Energy

The Office of Energy was created in 1974 to allocate scarce petroleum products. Since then, its responsibilities have been expanded to include a variety of energy conservation and resource development activities.

The Director of Energy spends approximately 60% of his time advising the Governor and Legislature on energy matters. He is assisted by a staff of 15, the majority of whom are working to implement the Idaho Energy Conservation Plan adopted in 1977. The overall goal is to reduce the state's energy consumption by 5% of projected 1980 use.

Activities encompass conservation programs in state and local government, schools and libraries, industry and commerce, agriculture, transportation and residences. The office also attempts to provide for the development of alternate energy sources and is responsible for emergency fuel allocations. The fiscal 1980 appropriation amounts to \$150,800 in addition to almost \$746,000 in federal program monies.

Recommendation

The office has been handicapped in its operations by an unfavorable image caused by actions of the previous director. Overall, there appear to be far too many programs, most of little significance. The result is a fragmentation of financial and personnel resources which makes it difficult for the office to achieve its 5% energy reduction goal.

17. Revise the state energy plan.

The overall effectiveness of the Office of Energy has suffered because of the excessive number of projects it has undertaken. At present, there are some 45 programs underway. Most are small, insignificant in terms of potential results to be attained and/or unmeasurable in regard to actual energy savings. Despite these many activities, the office lacks an effective contingency plan for handling fuel allocations.

To ensure that the Office of Energy can fulfill its mandate, the state energy plan should be revised to accomplish the following:

- ☐ Reduce the overall number of projects.
- ☐ Establish priorities for those remaining, based on potential energy savings.
- ☐ Formulate a contingency plan for handling fuel allocations.

Implementation should make it possible for the office to realize its goal of a 5% reduction in energy consumption by 1980. However, staffing to handle fuel allocations would require an annual expenditure of \$69,000.

Division of Tourism and Industrial Development

The division's objectives are to promote the development of industries and resources including tourist travel to and within the state. It is headed by an administrator who is appointed by the Governor and supervises a staff of 12. A seven-member Development and Publicity Council is also selected by the Governor to assist the administrator in achieving division goals. The fiscal 1980 appropriation amounted to \$540,400.

Functionally, the current organization encompasses five areas: Administration, International Trade, Information, Economic Development and Travel Development. The primary responsibility of the division's two information specialists is to publicize all facets of life in Idaho through the publication of appropriate brochures and preparation of news releases.

Recommendation

The division is handling its present responsibilities well. However, the state's growth rate indicates a need for stronger economic planning.

18. Develop a statewide economic planning function.

Idaho is one of the fastest growing states in the nation in both industry and population. Since this trend is likely to continue, a long-range plan is needed to ensure the quality of life in the state will be protected.

To accomplish this objective, the present division should be augmented by eight planning employees from the Division of Budget, Policy Planning and Coordination. It should then be renamed the Division of Commerce, Tourism and Economic Development.

Structurally, it would consist of four areas: International Trade, Economic and Community Development, Industrial Development and Tourism. The division's primary responsibility would be to assist the Governor in the formulation and implementation of a comprehensive plan for state growth, economic development and resource allocation.

Public Employee Retirement System

This system was created to provide retirement benefits for public employees and to administer necessary funds at a cost consistent with membership interests. A five-member board which is appointed by the Governor directs the activities of the agency's 33 full-time employees. The fiscal 1980 appropriation for expenses is set at \$912,000. As of June 30, 1978, there were approximately 56,800 participants in the retirement system from 600 state agencies, school districts and political subdivisions.

The retirement plan requires joint contributions from eligible personnel and their employers. Member rates range from 4.5% to 5.4% of monthly gross salaries. Four corporate trustees are utilized to select investments and their performance is independently evaluated. In addition, the board meets with each trustee at least twice a year to provide guidance on the system's objectives and policies. Service offices for plan members are maintained at Coeur d'Alene, Pocatello and Boise.

Recommendations

The system is staffed with competent people, but the organization structure in the central office appears cumbersome. More importantly, returns on fund investments appear to be substantially less than could be expected. Also, some procedural changes are needed in the area of cash management and disability retirement audits.

19. Restructure the central office organization.

Although the overall Public Employee Retirement System appears well organized, the central staff is somewhat excessive and certain job functions are performed by overqualified personnel. Specifically, there are duplications in the functions of the Executive and Assistant Directors as well as between the Assistant Director and the Benefits Examiner.

To resolve the problems, the post of Assistant Director should be eliminated. Furthermore, since the Data Processing Manager merely supervises two key-punchers, this position should be reclassified to a more appropriate level such as programmer technician. In addition to these changes, two clerical and one secretarial position should be abolished. The annual saving would amount to a total of \$63,500.

20. Set guidelines for fund investment returns.

The Public Employee Retirement Fund is currently in excess of \$200-million. Its rate of return over the past 10 years has averaged 2.3%, compared to 2.5% for similar systems. The result is an annual loss of some \$400,000 in potential income. To keep the fund sound, it has been necessary to increase payroll contributions as a means of offsetting low return rates.

The system's board and Executive Director should take a more aggressive role in establishing goals for the corporate trustees. Currently, employee/employer contributions are approximately 11.9% of payroll. Fund growth should be encouraged to reduce this ratio to 10% without extending the amortization period of the unfunded liability.

Specifically, the rate of return for fiscal 1980 should be set at 6.5% with higher rates for fiscal 1981 and beyond. In order to evaluate both board and trustee performance, any variations from desired rates of return should be explained in detail in the system's annual reports. Implementation should make it possible to defer future increases in member contributions.

21. Expedite system deposits.

Employers' contributions are now mailed to the retirement system resulting in an average delay of one week before monies are deposited for investment. Since approximately \$5-million is received each month, the annual loss of income at 6% amounts to some \$69,000.

To resolve the problem, contributions should be deposited directly using procedures similar to those of the Liquor Dispensary. Under this approach, monies are deposited by the stores in various local accounts maintained by the State Treasurer. The dispensary is informed by phone of the location and amount. It submits summaries to the treasurer who writes a warrant to transfer the funds to a central account.

The same procedure could be used by the retirement system except that the money would be transferred to its account rather than the state's general cash investment pool. The additional income to be attained is estimated at about \$69,000 per year.

22. Modify procedures for handling separation payments.

Separation benefits must be paid to members upon termination of their employment. Generally, this consists of the ex-employee's contributions plus earned interest. These payments can be expedited from the standard 60-day period if circumstances indicate sufficient critical need. Unfortunately, this policy has been abused to the point where an extra employee is required to handle such requests. Since separation checks are issued before appropriate payroll records are available, benefit overpayments often result and subsequent collection efforts have proven difficult.

Procedures should be altered to pay separation benefit claims 90 days after a written request is received from a terminating employee. Claims should not be expedited unless a fee is charged to cover additional processing costs. Also, full payment should not be made where the possibility of an overpayment exists. Any balances due would be sent upon expiration of the 90-day waiting period. Implementation would reduce staff requirements by one position and eliminate current overpayments for a combined annual saving of \$14,600.

23. Require disability retirees to supply continuing medical documentation.

At present, the system has no adequate follow-up procedures to ensure that individuals qualifying for a disability pension have not returned to gainful employment. To remedy this situation, such individuals should be required to submit annual physician's statements testifying to their continuing disability.

Liquor Dispensary

The Liquor Dispensary has exclusive authority to import and sell alcoholic beverages in the state. There are some exceptions, but these are subject to regulation by the dispensary.

Operations are directed by the Superintendent of the Dispensary who is appointed by the Governor. Current personnel include 184 full-time and 31 part-time employees. The fiscal 1980 appropriation has been set at almost \$4.9-million. Dispensary profits for fiscal 1978 amounted to some \$11.2-million. Surplus revenues are distributed by the State Treasurer on a quarterly basis to various counties and programs.

Activities are divided into the following areas: Purchasing, Warehousing, Accounting, Data Processing, Personnel and Stores. For operational purposes, the state is organized into three districts with supervisors located in Boise, Pocatello and Lewiston. There are three types of liquor outlets currently in use. The most prevalent is the state store staffed by salaried employees. There are 84 of these units with slightly more than \$33.6-million in combined annual sales. Agency stores are operated independently and receive compensation under a contract with the state. Fees are based on previous years' sales.

At present, there are 46 agency stores with combined annual sales of \$2.7-million. The third type of outlet is a combination of the other two. It is staffed by state employees who personally own another business into which liquor sales are incorporated. There are six of these grocery/liquor outlet units with annual sales of almost \$270,000. A central warehouse is maintained in Boise to serve the entire state. Perpetual inventories of all items in the stores and the warehouse are maintained on the State Auditor's computer.

Recommendations

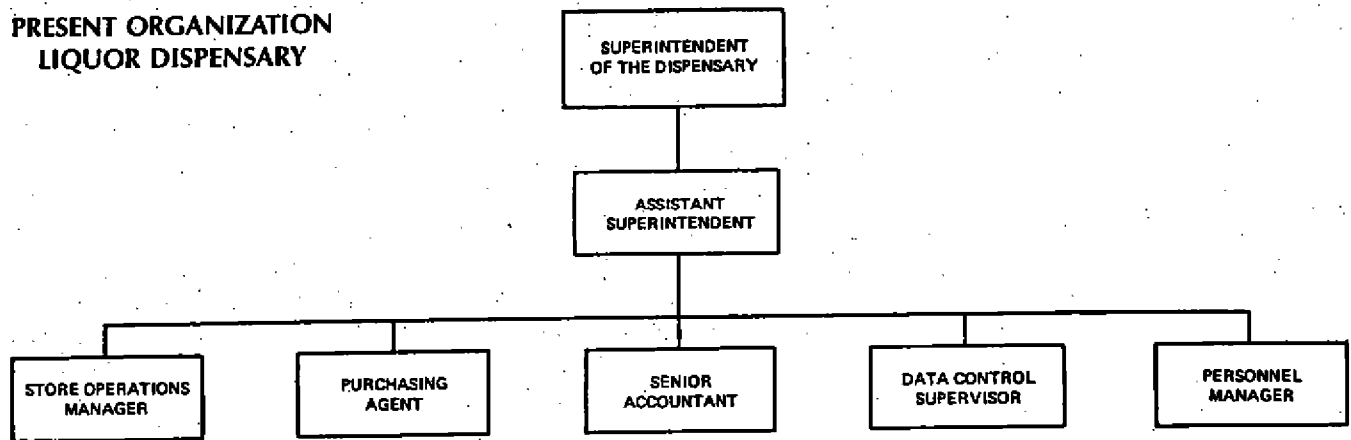
A primary objective of the dispensary is to "not attempt to stimulate the normal demands of temperate consumers, irrespective of the effect on the revenue derived." Nevertheless, it is the only state agency which procures and sells a product for a profit. In this regard, the dispensary — despite the dedication of its employees — is highly inefficient when compared to similar functions in the private sector. Basically, it suffers from outdated product distribution and marketing methods characterized by excessive handling and inventory tracking as well as poor ordering information.

24. Reorganize the Liquor Dispensary.

The present organization, as illustrated by the top chart to the right, consists of five operational areas which report through an assistant to the Superintendent of the Dispensary. Under this arrangement, the Store Operations Manager is responsible for both wholesale and retail sales as well as the dispensary's warehousing activities. Buying activities are handled by the Purchasing Agent while the Senior Accountant is responsible for accounting and banking transactions as well as supervision of the supply room. Payroll and personnel administration are assigned to the Personnel Manager while data processing is handled by the Data Control Manager.

The major problem with this organization structure is the mixture of retail and wholesale activities. Since each dispensary store or agency must sell to other

PRESENT ORGANIZATION LIQUOR DISPENSARY



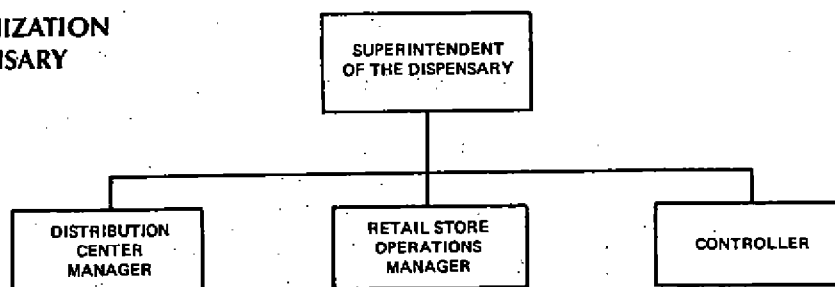
retail merchandisers as well as to the general public, an otherwise simple operation is complicated by increased product handling, stocking needs and discounting procedures.

If the Liquor Dispensary is to establish performance standards, it must define responsibilities clearly. The first step would be to reorganize the overall operation along functional lines as shown by the proposed chart which is illustrated directly below. Under this approach, all purchasing, warehousing and distribution activities would be placed under a Distribution Center Manager. The incumbent would be evaluated on inventory turnover rates and efficient use of labor and warehouse space.

A second manager would be responsible for all retail store operations and would be assisted by two supervisors — one for wholesale agency and discount sales; another for the state stores. This would eliminate the current mixture of wholesale and retail functions at the store level. The Retail Store Operations Manager would hire, train and promote store personnel, utilizing performance standards for each outlet based on inventory management and expense control criteria.

Remaining functions — accounting, data processing and payroll — would be consolidated under a Controller. Order administration, a new activity, would be included to assist the Distribution Center Manager in creating effective inventory purchasing plans. To ensure the integrity of all financial records, responsibility for purchase order preparation, document matching and voucher preparation should be assigned to three individuals. In addition, purchase orders, receiving documents and inspection reports should be kept in separate locked files with access limited to authorized personnel.

PROPOSED ORGANIZATION LIQUOR DISPENSARY



With the reduced span of control, the proposed positions should report directly to the Superintendent of the Dispensary, eliminating the need for an assistant. Due to the addition of a Controller, the overall number of positions would not change. However, increases in job responsibilities would result in an additional annual salary cost estimated at \$10,600, based on current expenditures.

25. Separate retail and wholesale functions.

Each state liquor store performs three functions: retail sales to individuals, wholesale to licensees and warehousing. Approximately 33% of the liquor dispensed at these outlets is to licensees while some stores show a ratio of 55%. Despite this, state operations are designed to function as self-service, retail operations, making them inefficient in fulfilling wholesale responsibilities.

As indicated elsewhere, the dispensary's retail and wholesale functions should be separated. The objective would be to recover expenses associated with providing supplies to small-quantity users who are now permitted to take advantage of wholesale prices offered to large-volume buyers. To accomplish this, the Boise warehouse should begin shipping supplies directly to licensees. Thus, state and agency outlets would serve only a retail function, substantially reducing their inventory and staffing requirements. This approach will also eliminate the costs associated with double warehousing, picking and handling inherent in the present operation.

Licensee sales indicate that about 33% require weekly deliveries, 22% bi-weekly and 40% monthly. With such a distribution pattern, deliveries should average 10 cases per licensee per shipment. Orders of less than five cases should not be eligible for discount rates from the warehouse nor should any licensee purchases from local retail outlets.

To further streamline activities, a centralized order and invoice system should be established with monthly billing. Additionally, the procedure of placing a seal/price tag on individual bottles sold to licensees should be eliminated. Although the new procedures will increase delivery and warehouse labor costs, an annual saving of \$395,500 is anticipated through reductions in retail staff requirements.

26. Streamline inventory controls and reduce supply levels.

A substantial portion of the dispensary's cost of operation is related to inventory. During the first half of fiscal 1979, the inventory level was about \$7-million. Estimating a carrying cost of 12% annually, the resulting operational expenditure will amount to \$840,000 for the year.

More significantly, the inventory level is now maintained at eight weeks' supply while comparable private sector operations have a turnover rate of 20 days. In addition, all supplies are physically recounted monthly although private concerns consider less frequent updates sufficient for control purposes. Finally, all inventory is owned by the state, whether it is in the warehouse or on store shelves. As a result, outlet managers have no incentive to reduce supplies or improve turnover rates.

To remedy this situation, the dispensary should decrease its inventory to no more than one month's supplies. Pricing procedures should be established to recover incremental handling costs on slow moving items and managers should review their operations for the purpose of reducing inventory costs.

Distribution centers should be set up for discount sales to retailers and all inventories should be sold to outlets instead of being maintained as state property. The dispensary should also permit split-case purchases to encourage flexibility in managing individual inventory stocks. Furthermore, physical counts of supplies should only be performed twice a year unless records indicate an additional audit is needed.

Implementation would reduce current inventory from \$7-million to \$2-million. Investment of the surplus funds at 6% would provide additional annual income of \$300,000. In addition, streamlining the inventory control procedures would decrease staff requirements at the warehouse by four positions for an annual saving estimated at \$48,600.

27. Convert appropriate state stores to agencies.

Assuming a minimum of one employee, it costs the state approximately \$30,000 annually to operate a retail store. With a 44% gross margin — typical of current operations — the breakeven point is about \$67,000 in sales. Since they operate on a fixed fee contract, agency outlets with sales of the same amount would only cost the state \$6,400. Thus, it is apparent that a significant number of state stores are not competitive with agencies in terms of operating costs per dollar of sales.

To ensure an appropriate annual return, the dispensary should convert all state stores which normally have less than \$250,000 in retail sales to agency outlets. Based on an analysis of fiscal 1978 operations, there are some 57 stores which could be converted over a three-year period at a rate of about 20 per year. The dispensary should concentrate first on those which will yield the greatest savings in terms of operating expenses. The annual benefit to be realized is estimated at \$392,000.

28. Modernize retail store operations.

Both the stock marking and cash register activities in state stores are needlessly labor-intensive. For example, all products are labeled with both a four-digit code and a retail price. Even boxed items must be opened and individually labeled. Purchases are rung up on the registers by entering both the retail price and the code number. The punched tape which is created by the register is used by the State Auditor to maintain a computerized perpetual audit. Each month, a physical inventory is taken for reconciliation purposes. Once the licensee business has been transferred from the stores to the central warehouse, it should be possible to simplify retail activities into six operations as follows:

- ☐ Receive merchandise from warehouse.
- ☐ Verify any changes in weekly orders.
- ☐ Mark individual bottles with product codes, displaying prices only on the shelves.
- ☐ Ring up sales on electronic cash registers which can supply item prices from memory banks.
- ☐ Call in reports of daily sales.
- ☐ Deposit receipts.

In making these changes, a velocity code should be used which would require only two numbers for the top 20% of items sold, three digits for the next 35% and four on remaining stock. Implementation will improve personnel utilization and help reduce overall labor requirements.

29. Establish specific performance standards to evaluate the dispensary's superintendent.

There are no specific performance standards used to evaluate the financial condition of the Liquor Dispensary. As a result, insufficient attention has been paid to cost versus benefit analyses, producing high inventories, poor personnel utilization and excessive operating costs.

To remedy this situation, the Governor or a designated representative should review the Superintendent of the Dispensary's performance, using the following criteria:

☐ Inventory Management: Turnover should be increased from three times per year to 12 and maintained at this level.

☐ Expense Efficiency: Personnel costs and agency fees should be reduced from 14.75% of sales at cost to 12%.

By establishing quantified goals for the agency's superintendent, it will be possible to evaluate the overall effectiveness of the Liquor Dispensary's activities on a realistic basis.

30. Adopt a new purchasing system.

Before reordering merchandise, buyers must obtain three-month forecasts by examining an extremely cumbersome computer report. The information in this document is generally three weeks out of date before the buyer sees it and the format does not highlight essential data.

To remedy this situation, a new reordering system should be implemented based on economic order quantities and order points. It should be designed to provide "exception" reporting which would automatically take into consideration factors such as lead times, order preparation costs, inventory carrying charges, handling and the like. This system should also utilize computer prepared and pre-priced purchase orders for review by the buyer before the order is printed in final form. Implementation of this proposal should reduce staffing requirements by at least one position for an estimated annual saving to the state of approximately \$12,600.

31. Revise dispensary purchase order forms.

The buying function for the dispensary is completely separate from the remainder of state purchasing activities. As a result, it has its own purchase order forms. However, current documents do not list terms and conditions nor are they pre-priced. Should any difficulties arise with an order, the state would have little legal recourse.

To resolve this problem, the Director of Purchasing and the Attorney General should determine appropriate terms and conditions to be included in dispensary purchase orders. Furthermore, the Superintendent of the Dispensary should not sign a purchase order until it has been pre-priced.

State Insurance Fund

The State Insurance Fund was created to protect employers against liabilities incurred under the workmen's compensation and occupational disease compensation laws. The fund is administered by the State Insurance Manager who is also responsible for the Firemen's Retirement Fund. The fiscal 1980 appropriation for the State Insurance Fund is set at some \$1.07-million while authorized staffing includes 48 positions.

Activities involve writing insurance agreements, establishing premium rates, classifying risks and investing surplus and reserves. Coverage is available to all public sector agencies at the state, county and municipal level, as well as to private sector employers.

The manager is assisted by three bureau chiefs and exercises administrative control over three area offices. As of June 30, 1978, the fund had handled 7,034 claims for the preceding 12 months, compared to 6,459 the previous year. During this same period, the number of policies issued also rose to 5,000 from 2,800 three years earlier.

Recommendation

The fund is well managed and functions efficiently as indicated by the steady growth in policies written and claims handled. However, its data processing capabilities are not adequate to support projected increases in the number of policyholders and associated work volumes.

32. Analyze the fund's future data processing requirements.

At present, the State Insurance Fund has only limited data processing applications to assist in the preparation of financial records and reports. This could result in substantial problems as the number of fund policyholders increase.

To ensure continued efficiency in the State Insurance Fund operations, the following steps should be taken:

- ☐ Develop a written plan for data processing activities which takes into consideration the impact of anticipated operational growth.
- ☐ Document proposals for additional applications, evaluating hardware, software and reprogramming requirements and costs.
- ☐ Establish a realistic timetable for upgrading the data processing function and include anticipated funding sources.

Implementation will ensure the fund's ability to maintain policyholder services in respect to its overall growth.

Endowment Fund Investment Board

The board is responsible for investment management activities related to the Endowment, State Insurance and Firemen's Retirement Funds. In accordance:

with Idaho law, board members must include the Superintendent of Public Instruction, Director of Finance, a state senator, a state representative, an individual with experience in public education administration and four persons with investment management backgrounds. The board is responsible for establishing investment policies which are then carried out by an operating staff of three persons. The fiscal 1980 appropriation for board activities amounts to slightly more than \$204,000.

The endowment funds are managed on a pooled basis and had a total market value of approximately \$150-million at the beginning of fiscal 1979. The principal for these eight funds is derived primarily from the sale of federal land within the State of Idaho. The current market values of the State Insurance Fund and the Firemen's Retirement Fund are approximately \$30-million and \$10-million, respectively.

Recommendations

Data compiled for the last three fiscal years indicate that the investment performance of the endowment funds has been below average when analyzed in relation to 15 comparable fixed income funds. At present, there are no effective methods for identifying the cause in order to initiate corrective action. In addition, proposed plans for improved data processing capabilities have not been adequately defined to ensure optimum use of available funding.

33. Improve annual performance reporting.

Current performance reports do not contain goals which can be identified in meaningful, measurable ways. Objectives are now defined in terms of maximum return and safety — areas which can only be judged subjectively. As a result, comparisons with other fixed income funds indicate that Idaho is not receiving the degree of investment return which should be possible.

To improve performance reporting, board goals should be restated in measurable terms. For example, safety could be defined as preservation of capital or protection against market fluctuations. The degree of safety achieved would then be measured by portfolio restrictions established by board policy or the Legislature. The investment goal would be stated as an anticipated level of return based on the degree of safety required.

These goals would be further defined in terms of expected performance compared to other funds or recognized standards. Improved performance reporting will make it possible to accurately evaluate the management effectiveness of the fund and formulate policy changes to improve overall returns.

34. Formulate realistic budgets for data processing systems development and operations.

The fiscal 1980 appropriation for the board includes \$17,300 for data processing systems development and operations. However, no steps have been taken to identify actual requirements and projected costs.

To ensure appropriate use of funding resources, the board should authorize an analysis of its information requirements and the alternatives for meeting them. The results should then be evaluated on a cost versus benefit basis. The State Auditor's office has already indicated it could provide the periodic portfolio reports now generated at a cost of only \$6,000 for systems design and operation. The one-time cost avoidance would thus amount to \$11,300.

Office on Aging

The Office on Aging is responsible for developing programs to provide senior citizens in the state with services designed to help them remain independent. These include access transportation, adequate nutrition and homemaker services among others.

The office is headed by an administrator who is appointed by the Governor to serve at his pleasure. There are 14 authorized positions and a fiscal 1980 appropriation of almost \$3.2-million to carry out approved programs.

Organizationally, current operations are divided among three individuals: the principal planner, grants manager and controller. The principal planner is responsible for developing the state's six area plans into an overall program for senior citizens. The grants manager distributes federal funds allocated to Idaho under the Older Americans Act of 1965 while the controller provides support services such as personnel administration, budgeting and accounting.

Recommendation

The office is staffed with experienced people who specialize in the field of securing and managing federal grants for the elderly. However, the current organization structure appears unnecessarily complex, resulting in some position overlaps.

35. Restructure the Office on Aging.

Federal funding regulations require that the Office on Aging have a principal planner to develop the state's overall program for the elderly. These duties require about three months each year. During the remaining time, the planner's activities are almost indistinguishable from those of the grants manager who administers the federal funds allocated to the office. This overlapping results in inefficient utilization of current personnel.

To resolve the problem, the organization structure should be simplified into two areas: Planning/Grants Management and Fiscal Management. The first would be a consolidation of the two existing positions while the latter would encompass the responsibilities already assigned to the office's controller. Implementation would provide an annual saving of \$26,500 based on current expenditures.

Commission on Human Rights

The Commission on Human Rights evaluates all complaints of discrimination in connection with employment, public accommodations, education and/or real property. There are nine commissioners, appointed by the Governor and confirmed by the Senate, who serve staggered three-year terms. Of these, one must represent industry and a second labor, while the remainder serve at-large. The function of the commission is to educate the public regarding its rights and to investigate complaints.

Day-to-day operations are delegated to a director and a staff of 10. Legal assistance is provided by the Attorney General's office which presents findings to

the commission for action. Parties are encouraged to negotiate settlements both before and after the formal investigation although public hearings will be held if necessary to resolve an issue. The commission's fiscal 1980 appropriation is set at \$197,400.

Recommendations

The absence of systematic case closure procedures has resulted in a reputation for inefficiency in regard to commission activities. This has had an adverse effect on relations with employers in the state.

36. Decrease case closure time.

In 1978, it took an average of 21 months to close cases presented to the Commission on Human Rights. The agency's director expects to decrease this closure time to about 15 months during 1979. Even with this improvement, the time involvement is excessive and prevents the commission from fulfilling its mandate effectively.

To remedy this situation, several steps should be taken. First, the director should request 30-day approvals from the commission. Secondly, staff activities should be improved by establishing individual performance objectives and cross-training personnel to enhance commission resources. Department meetings should be scheduled on a regular basis to identify major problems and improve overall communications. In addition, special efforts should be directed toward increasing the Commission on Human Rights' rapport with both the Legislature and private sector employers.

37. Establish performance objectives.

The fact that this commission has had seven directors in eight years indicates serious internal problems. However, operating difficulties cannot be effectively resolved without clear cut performance objectives to measure results. Therefore, appropriate standards should be developed and used by the commission to evaluate its activities and those of the director. This individual, in turn, would be responsible for measuring staff performance. Criteria such as case closures, processing time by case type and numbers of complaints are examples of statistics which could be utilized to determine overall operational effectiveness of the commission.

Commission for the Blind

The commission was established to assist blind persons to become socially and economically independent. Objectives include enlarging opportunities for such individuals to obtain education, vocational training and employment.

The Governor is responsible for selecting the three-member commission which then establishes appropriate policies and programs to be carried out by an administrator. Activities include training to enable blind persons to become self-sufficient, counseling and rehabilitation programs, educational services and administration of a small business program for the blind.

At present, the commission has 29 full-time employees and a fiscal 1980 appropriation of about \$1.06-million including more than \$700,000 in federal

funds. The work load in fiscal 1980 is expected to increase by about 10% over 1978 to a total of 558 clients served. The commission maintains field service locations in three areas to provide home teaching, counseling and rehabilitation plan development services.

Recommendations

In general, the Commission for the Blind appears to be accomplishing its objectives. However, no attempt is made to recover costs for the small business program and procedural improvements are needed in regard to overall purchasing activities.

38. Reduce the staff by one position.

Under the current organization structure of this agency, an executive assistant is assigned to perform duties which should be delegated to the commission's line managers. This is inefficient since it merely adds another layer in the decision-making process.

To improve overall management effectiveness, the position of executive assistant should be abolished and the duties reassigned as follows:

- ☐ Acting for the Administrator: This task should be alternately handled by the Chief, Field Services and the Chief, Orientation.
- ☐ Public Relations: This function should be coordinated by the Administrator who would make appropriate assignments to instructors, specialists and field personnel as required.
- ☐ Training Plan Development: Individual supervisors should formulate training plans for their subordinates.
- ☐ Miscellaneous Duties: Activities such as legislative liaison, equal opportunity employment and the like should be assigned to specific managers and employees as deemed appropriate by the Administrator. Implementation of this proposal would streamline the current organization structure of the Commission for the Blind and provide the state with an annual saving of approximately \$21,800.

39. Obtain reimbursement for small business expenditures.

As part of the commission's rehabilitation program, qualified clients can be established in small businesses. Necessary equipment and/or merchandise is purchased for these individuals although no provision is made for subsequent repayment. Since some of these businesses become very successful, the commission should initiate procedures to obtain appropriate reimbursement from subsidized clients. These monies could then be reinvested to expand commission activities.

40. Discontinue bid solicitations by commission personnel.

Although actual buying must be done through the state's Division of Purchasing, commission procedures require field personnel to solicit bids before sending requests to the division. This is duplicative and inefficient.

Therefore, current procedures should be changed to discontinue the practice of bid solicitations by field personnel. Under this approach, field personnel would only be responsible for supplying appropriate specifications.

Commission on Women's Programs

The purpose of this commission is to encourage women to increase their participation — both paid and volunteer — in the social, political and economic progress of local communities, the state and the nation.

The commission has 35 volunteer members appointed by the Governor, of which 30 must be women. There are currently four vacancies. Overall activities are directed by a part-time administrator with the assistance of a secretary. The fiscal 1980 appropriation amounts to \$15,000 of which some \$7,000 is allocated for expenses related to the four meetings held by the commission each year. Projects encompass all aspects of women in society and information is provided to interested individuals through a quarterly newsletter and occasional special publications.

Recommendations

At its present level of funding, the Commission on Women's Programs can only act as a clearinghouse for information. Even this limited activity is dependent on the volunteer efforts of its members.

41. Evaluate the effectiveness of the commission.

At the present funding level, the commission constitutes a token gesture for women's rights and is not sufficient to deal with the issue it was formed to eliminate — unequal treatment of women. Therefore, steps should be taken to establish measurable objectives for the commission, backed by appropriate funding. This would ensure a meaningful program which can be evaluated on merit. If this cannot be done, the commission should be eliminated.

42. Review representation on this committee to ensure its membership is appropriate.

The commission is constantly subjected to criticism by individuals and groups who feel its membership is not representative of women in Idaho. Thus, much of the commission's time must be spent in defending itself rather than carrying out worthwhile projects. To eliminate this problem, the Governor should review current membership and take steps to ensure appropriate representation.

Military Division

The Military Division consists of three operating components. They include the Army National Guard, Air National Guard and Bureau of Disaster Services. This division is headed by the Adjutant General who is appointed by the Governor. Its fiscal 1980 appropriation amounts to almost \$2.5-million of which some \$1.25-million will be federally reimbursed. The federal government also contributes about \$20-million annually in direct payments to maintain guard operations. There are 664 full-time employees in the Military Division as well as 3,202 part-time guard members.

Guard units are responsible for supplying reserve components for immediate mobilization in times of national emergency. They must also be available to

preserve peace and maintain public safety in the event of local disasters. The Bureau of Disaster Services plans and coordinates non-military emergency functions to protect lives, property and other resources in the state. It has a staff of 10, headquartered in Boise. Guard units are based in 26 community armories and the main facility at Gowen Field in Boise.

Recommendations

The division appears well managed, with clearly defined objectives and areas of responsibility. There is an ongoing program to examine and justify the existence of individual armories and two sites have been closed within the past few years. However, continued emphasis is needed to ensure adequate utilization of available facilities.

43. Accelerate the program to reduce the number of state armories.

At present, there are 26 armories located in communities outside of Boise. Two previous sites have been disposed of and plans call for additional consolidations in areas where guard enrollments are not sufficient to ensure economical operation of the facilities. Factors which affect decisions to sell or lease an armory include the following:

- ☐ Travel time to another facility capable of absorbing current guard members.
- ☐ Potential for alternative use by the public or private sector.
- ☐ Elapsed time since last federal funding of original or rehabilitative construction because 75% of such monies must be repaid if the property is sold within 25 years of the funding date.
- ☐ Effect on recruiting potential in the area if the facility is eliminated.

Given these considerations, the Military Division has identified four candidates for potential elimination: Buhl, Driggs, Hailey and Homedale. Of the four, Buhl should be given first consideration. Since it was last rehabilitated in 1957, it could be sold in 1982 without obligating the state to a reimbursement of federal funds. The site appears suitable for commercial use and guard members could be easily absorbed at nearby facilities. The one-time income to be realized by the state is estimated at approximately \$150,000 while the annual saving would be \$4,500.

44. Determine alternate energy sources for heating Gowen Field buildings.

Most of the buildings at Gowen Field were designed for low-cost energy sources and did not anticipate today's spiraling costs and supply problems. The Military Division recently earned a national award for energy conservation excellence among the 15 western states. However, efforts are confined to additional insulation, lowering thermostats and similar conservation measures. There has been no program to determine the feasibility of changing current heating systems to alternate or supplemental energy sources such as solar or heat pumps.

A qualified consulting firm should be engaged to determine the feasibility of such an approach. The one-time cost is estimated at \$50,000. Using an inflation rate of 7%, energy costs at Gowen Field could amount to more than \$3.3-million over a 10-year period. If alternate sources could reduce overall expenditures by 25%, the long-term saving might amount to as much as \$835,000 although no benefit is being claimed.

Lieutenant Governor

The post of Lieutenant Governor was established by the state constitution primarily to provide for an orderly succession to the position of Governor if necessary. Incumbents also serve as President of the Senate when the Legislature is in session.

Present Operations

The authorized staff consists of the Lieutenant Governor and an administrative assistant. The fiscal 1980 appropriation is set at \$61,600, compared to \$64,400 for fiscal 1979. According to the constitution, the Lieutenant Governor may perform all duties assigned by the Governor to promote the improvement of state government and the development of Idaho's human, natural and industrial resources. In addition to internal activities, this could include representation of the state in negotiations, compacts, hearings and other matters related to other states or the federal government.

Recommendation

This office is effectively managed and able to fulfill its primary obligation in regard to an orderly gubernatorial succession. It also provides necessary liaison between the Executive and Legislative Branches. However, the Governor has not taken steps to ensure the incumbent can play an ongoing role in overall governance of the state.

45. Increase the involvement of the Lieutenant Governor in gubernatorial duties and activities.

Except when the Legislature is in session, the Lieutenant Governor has no ongoing duties or responsibilities. This could present a major problem if an incumbent were required to complete the Governor's term of office because of an unforeseen emergency.

Under the current constitution, the Governor has broad powers to assign specific responsibilities to the Lieutenant Governor. This authority should be utilized to permit the Lieutenant Governor to participate in the administration's major programs. Implementation of this proposal will result in more effective delegation of executive responsibilities.

Attorney General

The Attorney General is a constitutionally established officer and is elected to serve a term of four years. He acts as the state's chief representative and advisor in legal matters including court appearances.

Present Operations

The organization supervised by the Attorney General consists of nine divisions, each headed by a deputy. They include:

☐ Appeals: Prepares and presents selected appeals to the state's courts.

☐ Business Regulations and Consumer Protection: Administers the Idaho Consumer Protection Act.

- ☐ Criminal Justice: Provides legal assistance to the 44 county prosecutors in the state.
- ☐ Legislative Affairs Administration: Handles internal administration and liaison with the Legislature.
- ☐ Local Government: Offers legal aid to cities and counties with respect to local government issues.
- ☐ State Finance: Provides legal services to the State Board of Examiners, State Auditor, State Treasurer and State Tax Commission.
- ☐ Natural Resources: Renders legal assistance to departments involved in the protection and development of Idaho's natural resources.
- ☐ Health and Welfare: Provides legal services to the Department of Health and Welfare.
- ☐ Administrative Law: Coordinates litigation matters with state agencies and departments.

At present, 19 attorneys and 20 support personnel are located in the capitol while 35 lawyers and four staff members are housed with departments at other locations. Authorized staff totals 78 while the fiscal 1980 appropriation amounts to some \$2.1-million. Of the fiscal 1980 appropriations, close to \$955,000 will come from interaccount billings.

Recommendations

A substantial number of organizational changes have been implemented by the new Attorney General so the present structure is well planned. Overall efficiency could be improved somewhat by utilizing secretarial support and instituting a central filing system.

46. Increase effectiveness of field support staff.

Eight secretaries are assigned to the 19 attorneys on the central staff. However, much of their time is spent redoing documents prepared by field secretaries who have not had legal training.

To remedy this situation, an instruction program for support personnel assigned to attorneys located in other departments should be implemented immediately. Areas to be covered should include legal terminology, methods for citing cases and formats for briefs and opinions. The training would be supplied by the central staff.

47. Establish a central filing system.

Documents kept on file by the Attorney General include official opinions, criminal cases, informal written opinions and civil cases. Some are available in the main office and others are not. Because of this and the lack of a central index, research sources on related matters are not readily available.

If appropriate materials were indexed and filed in a centralized location, much redundant effort could be eliminated. A committee of division deputies should formulate procedures and identify related costs and benefits for the proposed filing system.

Secretary of State

The Secretary of State is a constitutional officer elected for a term of four years. Principal duties include recording all acts and resolutions of the Legislature and maintaining various books, records, deeds, maps and papers as mandated by state law.

Present Operations

The Secretary of State is assisted by a chief and two other deputies who supervise a total staff of 20. The fiscal 1980 appropriation is almost \$1.3-million. In addition to acting as chief election officer of the state, the secretary has various duties relating to the Code Commission, Arts and Humanities Commission and Commission of Uniform Laws. Documents retained in the office encompass all articles of incorporation, amendments, trade names and trademarks for businesses operating in Idaho.

Recommendation

This office has implemented a number of management improvements based on a study conducted by the University of Idaho and is now an extremely efficient operation. However, fees charged for copies of corporate data are not sufficient to recover related costs.

48. Increase fees for copies of corporate data.

First generation microfilm equipment is used to prepare duplicates of corporate data. Because copies are often of poor quality, original documents must be retrieved and duplicated. Current fees do not cover the costs associated with this additional clerical effort. To recover expenses, the charge should be increased from \$0.15 per page to \$0.30. At present volumes, the additional annual income is estimated at \$5,400.

State Auditor

The State Auditor is an elected official in the Executive Branch. Incumbents are responsible for supervising the state's fiscal activities to ensure that expenditures do not exceed appropriations.

Present Operations

The State Auditor heads a staff of 79. The fiscal 1980 appropriation for the office amounts to almost \$3.3-million. Basically, the staff is responsible for routine accounting functions required by the state, specified pre-auditing duties and management of Idaho's central computer facility. Other activities include administration of the social security system and certification of state election results.

The current organization is divided into two major areas. A data processing group operates the computer system while fiscal personnel perform accounting functions consisting primarily of processing vouchers and issuing warrants.

Recommendation

Based on its constitutional mandate and subsequent legislative actions, this office functions as an accounting rather than an auditing organization. As a result, duties in regard to independent audits have been assumed by the Office of the Legislative Auditor within the Legislative Branch. Thus, the State Auditor's

existing role cannot satisfy either internal control or management information needs of the agencies within the state's Executive Branch because of its accounting responsibilities.

49. Redefine the State Auditor's responsibilities.

Existing fiscal planning and control functions are divided between the State Auditor and the Division of Budget, Policy Planning and Coordination. The resulting fragmentation of responsibility reduces the state's ability to achieve effective financial management.

In addition, the accounting services provided by the State Auditor precludes this office from conducting audits of the fiscal activities of Executive Branch departments due to conflict of interests. As a result, the auditing function has been assumed by the Office of the Legislative Auditor.

The office should be reorganized to function as the state's audit unit, eliminating the current legislative function. The new organization would consist of three audit sections — Economic Resources, Human Resources and Natural Resources — supervised by the State Auditor and a deputy. Required staff would be reassigned from the Office of the Legislative Auditor.

The deputy would be responsible for technical aspects of the financial and management audits performed in the various departments and should have substantial experience in this area. A Division of Financial Management should be created in the Office of the Governor to assume the accounting services now provided by the State Auditor as well as the budget development and control activities of the Division of Budget, Policy Planning and Coordination. Implementation will eliminate existing fragmentation and ensure the state of an effective auditing mechanism in accordance with constitutional mandates.

Pre-Audit and Accounting

Pre-Audit and Accounting is responsible for providing accounting services to various state agencies. It consists of four sections whose managers report to the Deputy State Auditor. The combined appropriation for fiscal 1980 operating expenses amounts to over \$560,000, while the authorized staff totals 24. The sections which comprise Pre-Audit and Accounting include:

- ☐ **Fiscal:** Performs manual procedures involved in processing accounting documents and issuing payment warrants.
- ☐ **Personnel Records:** Maintains a file of all state personnel records and the state payroll.
- ☐ **Social Security:** Collects taxes on behalf of the federal government from employees and government entities which are participating in the social security system.
- ☐ **Internal Operations:** Responsible for internal accounting and inventory, central files and microfilming, staff education and receptionist services.

Recommendations

The staff carry out day-to-day operations related to the state accounting system in a capable manner. However, none have any substantial experience outside of government. Little is being done to improve the responsiveness of current financial reports to agency needs or to upgrade the skills of section personnel.

50. Revise the current organization structure.

Currently, Pre-Audit and Accounting consists of four sections: Fiscal, Personnel Records, Social Security and Internal Operations. The latter is responsible for various internal support functions. It is substantially overstaffed for actual work volumes which encompass central file, microfilming and receptionist services. Two other duties — internal accounting and education — are of minor importance. The first is actually carried out by the deputy's secretary while the second consists of obtaining state training films.

To improve overall efficiency, the Internal Operations Section should be eliminated and the remaining supervisory structure simplified. Once the data processing activities have been transferred to another area, as recommended elsewhere, the office would consist of the State Auditor, a deputy and the Fiscal, Personnel Records and Social Security Sections. The microfilming activity should be eliminated since it duplicates available information while all other support functions should become a supervisory responsibility of the deputy.

Implementation will reduce staff requirements by four positions for an annual saving of \$58,700. Disposal of the microfilming equipment will provide a one-time income of \$2,000.

51. Publish a state accounting manual.

There is no state accounting manual to document current procedures. One should be prepared which would incorporate information from the fiscal reference book plus new data on:

- ☐ Accounting principles and system rationales.
- ☐ System interface in relation to internal and statewide procedures.
- ☐ Coding structures including available agency options.
- ☐ Accounting reports as a budgetary control tool.
- ☐ Alternatives with respect to special agency reports.

In view of the work load and staff capability, development of the manual will require outside assistance. The one-time cost is estimated at \$20,000.

52. Include depreciation information on property and equipment in the state accounting system.

Control accounts are not included in the state system for property and equipment. These are major assets and appropriate accountability should be established for them. To accomplish this, depreciation accounts should be established for all items with a value in excess of \$250. The accounts would be categorized by agency and fund for utilization in annual audits. The cost of implementation would be more than offset by the elimination of operating expenses related to the current Central Property Inventory System (CPIS).

53. Revise procedures for paying social security taxes.

Under current procedures, public sector employers at the local level remit social security taxes to the county which sends them to the state. It, in turn, forwards them to the federal government.

This is in contrast to procedures used in the private sector where employers remit the tax amount directly to the Internal Revenue Service. The same practice should be adopted by all government entities in Idaho. Implementation will reduce staff requirements in the auditor's office by two positions for an annual saving of \$32,000.

54. Eliminate pre-audit duplications.

Expenditure vouchers and other financial documents are pre-audited in the Departments of Transportation and Health and Welfare. The entire activity is then repeated by the auditor's staff. To eliminate this redundancy, responsibility for pre-audits should be delegated to the departments. Periodic spot checks could be utilized to ensure continued accuracy. Implementation would reduce clerical staff requirements by three positions for an annual saving of \$40,000.

55. Eliminate redundant keypunching.

There is a duplication of keypunching activities with regard to vouchers prepared for two departments: Health and Welfare and Transportation. These agencies have their own data processing systems to handle internal reporting requirements. As a result, voucher data are keypunched first in the department and then the activity is repeated by the State Auditor for entry into the central computer system. Modifying the agency's data format to include coding needed by the auditor's office would eliminate this redundancy. The one-time cost is estimated at \$5,000.

56. Disburse payroll warrants directly.

Payroll reporting by the various agencies takes place 10 days prior to the end of a work period. As a result, the state pays on an estimated rather than an actual basis for those days. Warrants are prepared by the State Auditor and picked up by the agencies. Checks which do not reflect actual time worked are canceled by the agency and corrected warrants issued from the rotary fund. Agency clerks prepare reconciling records to indicate the change.

Once the proposed employee information system is implemented, the practice of estimating hours worked will become unnecessary, eliminating the need for agency reconciliations. This will make it possible to disburse checks by mail from the auditor's office.

Computer Center

The Computer Center is responsible for providing data processing services to other agencies in the state. This includes technical support as well as computer facilities and appropriate software. The center is headed by the Manager, Computer Operations, who supervises a staff of 58. Its fiscal 1980 appropriation amounts to almost \$2.7-million.

Services offered by the center include on-line, remote job entry and batch computer processing, text editing, data entry, application systems analysis and design, programming and software support. Some departments utilize all of the services while others employ only a portion. Users are generally responsible for maintaining their job control language. Agencies are billed for services and must absorb the cost of their own data entry and terminal equipment.

Recommendations

Although the staff is technically competent, this is not a cost-effective operation. Areas of weakness include planning, management of computer capacity, systems analysis and design as well as project management. Major hardware and software investments have been made without properly demonstrated paybacks or implementation plans to guarantee operational systems within a reasonable period. A subsequent report discusses the overall question of data processing activities within the state.

57. Relocate the center.

Existing physical facilities are totally inadequate. Problems include overcrowding, temperature control deficiencies resulting in equipment downtime and a lack of adequate security. Considering the substantial investment represented by the center, it should be relocated to suitable quarters. The proposed site should also offer sufficient space to accommodate anticipated growth. Funds have been allocated in the current budget to accomplish the relocation.

58. Prepare a comprehensive operating plan for the center.

The center has been experiencing serious problems in regard to its ability to meet user demands. Part of the difficulty is caused by the lack of an operating plan to define objectives and identify projected requirements. Steps should be taken to obtain input from user departments to establish a comprehensive operating plan for the Computer Center. It should identify overall objectives, available staff resources, existing application systems, development projects, proposed equipment acquisitions, software planning, telecommunications requirements as well as operating standards.

59. Establish an implementation date for the employee information system.

A packaged personnel/payroll system was purchased three years ago at a cost of approximately \$200,000. Since then, it has virtually been rewritten and is still not operational. Considering the immense investment this system represents, it should be objectively analyzed and a firm date established for implementation. If sufficient problems exist so the system cannot be operational by 1980, serious consideration should be given to abandoning it.

60. Separate the systems analysis and computer programming functions.

Under the current structure, systems analysis, design and programming are carried out on a consolidated basis to minimize the strain on existing programming resources. Unfortunately, this approach eliminates the check normally imposed on systems development work when the analysis and programming functions are independent.

Steps should be taken to separate these activities and expand the role played by the systems analyst in devising appropriate solutions to operational problems. This would include the development of career opportunities in the analysis area and utilization of procedures which would encourage user participation. In

addition, alternative solutions should be evaluated through management review procedures to ensure cost-effective approaches are chosen.

61. Strengthen management control of data entry operations.

Most users are encouraged to perform their own data entry operations. Input accuracy, peak capacity demands and possibly excessive utilization of on-line capabilities are causing problems. The Computer Center must take action to increase its control of data entry operations by improving the level of service provided to user departments.

Statistical reports on error rates and operator productivity should be revised so they can serve as a reliable measure of performance. The possibility of establishing a central pool of data entry personnel should also be evaluated as a means of eliminating peak work loads. In addition, on-line applications should be studied to determine if alternate processing methods would be more appropriate.

Data Processing

Responsibility for the state's data processing activities is divided between the Division of Budget, Policy Planning and Coordination in the Office of the Governor and the State Auditor. However, several departments have independent data processing facilities as well.

Present Operations

Under the state code, the Division of Budget, Policy Planning and Coordination is responsible for approving the leasing, purchasing or installation of data processing equipment and facilities for any officer, board, department, agency or institution in state government. Two analysts in the division are attempting to carry out this mandate. One is involved with reviews of budget requests for data processing resources. In the absence of a statewide master plan, these evaluations are based primarily on experience and personal judgment. Controls consist almost entirely of highlighting unsupported or unnecessary proposals.

The second analyst is working with a State Data Processing Committee comprised of representatives from the private and public sectors. They are attempting to develop guidelines for statewide data processing planning and control. To provide the technical support to the committee, task forces have been formed involving 22 data processing personnel. The goals of these groups are:

- ☐ Communications: Identify and eliminate duplications of data communications equipment and networks.
- ☐ Resource Management Systems: Provide a complete inventory of existing data processing personnel, hardware and software.
- ☐ Acquisition Guidelines: Formulate statewide guidelines for data processing acquisitions.
- ☐ Planning: Develop criteria for agency-level planning which can be consolidated to form a statewide program.

The Computer Center operated by the State Auditor represents Idaho's approach to a state data processing service bureau. However, the center has no long-range operating plans nor any performance standards to measure its effectiveness. Most large agencies prefer to provide their own systems and programming functions. As a result, the impact of user developments on equipment capacity cannot be accurately assessed and there are no controls to ensure that implemented systems are cost-effective.

One of the major data processing projects undertaken by the auditor has been the development of a statewide personnel information and payroll system. Work has been going on for three years. The position control and personnel information portions of the program became operational two years ago. Payroll processing is currently in the testing state, but no target has been set for implementation. Considering the time and funds which have already been devoted to this project, it is questionable whether the state will ever fully recover its investment.

The auditor's department offers several processing modes including: batching using agency supplied or internal data input resources, remote job entry, on-line text editing and on-line terminal support for data input or inquiry. Over the past several years, the trend has been toward increased on-line systems design. This has created major pressures in regard to computer capacity and the department has experienced severe problems with respect to response time.

In November 1978, the equipment was upgraded with the expectation that the 80% capacity increase would serve as a buffer for the growing on-line work load. Despite this effort, users are still complaining about systems availability and response time. As a result, a number of agencies handle their own systems development, data entry and processing requirements either through remote job entry terminals or their own computers.

Those with independent data processing resources include the Departments of Employment, Transportation, Revenue and Taxation, Law Enforcement, Corrections, Water Resources, Health and Welfare, Parks and Recreation as well as the State Insurance Fund and Industrial Commission, State Pharmacy Board and Criminal Justice Bureau. Additional facilities exist within the Judicial Branch, Boise State University, Idaho State University and the University of Idaho.

Recommendations

Idaho does not have a statewide master plan to effectively utilize data processing systems and technology at a reasonable cost. Responsibilities for existing operations are highly fragmented with extensive functional duplications and unnecessary expenditures. In spite of the various committees and task forces that have been formed to address the problem, no effective plans have been developed to improve existing operations. Continued uncoordinated proliferation of data processing equipment, software, application packages and staff will make it impossible for the state to realize the benefits of computer technology in a cost-effective manner.

62. Create a Department of State Information Systems.

The state's annual data processing costs now amount to more than \$9-million and this significant figure is expected to increase by a substantial amount each year. Despite the importance of data processing to agency operations, no single individual in state government is charged with responsibility for overall planning and control of various functions. Over 300 state employees are currently involved in various types of data processing activities. Properly directed, they

would constitute a powerful means of improving the cost-effectiveness and service response of state data processing systems.

The benefits to be derived from automation can only be realized through effective planning, proper priority assignment and effective management direction. This will require a new department to consolidate currently fragmented activities including operations now under the jurisdiction of the State Auditor as well as the review functions performed by the Division of Budget, Policy Planning and Coordination.

To ensure an appropriate return on the state's present and future investments in data processing, a qualified professional must be recruited to administer the proposed Department of State Information Systems. The successful candidate would report directly to the Governor and should be an executive employee whose tenure would not be subject to changes in administration. It might be necessary to use a recruiting firm to aid in the selection of a qualified individual.

A steering committee, composed of the directors of major departments, should be created to assist the new department head in establishing appropriate priorities. This group would not be expected to provide technical direction. Major responsibilities of the new department would include:

- ☐ Systems development planning.
- ☐ Design and programming support.
- ☐ Hardware evaluations and procurement.
- ☐ Software appraisals, acquisitions and technical support.
- ☐ Contract negotiations.
- ☐ Personnel training.
- ☐ Operation of a state computer service bureau.

The Director of State Information Systems would be charged with developing an overall organization to provide appropriate support services to other state agencies. This would include controlling the state's data processing activities in line with a definitive, long-range master plan. The Computer Center in the auditor's department would be restructured to become the service bureau of the new organization. Control functions now assigned to the Division of Budget, Policy Planning and Coordination would also be assumed by the department.

While some consolidation of existing computer sites is anticipated, this would not preclude the operation of independent centers, mini-computers or various forms of distributed processing. However, the department would be empowered to exert sufficient control to ensure that such activities are in the best overall interests of the state.

Establishing an appropriate schedule for systems development efforts would be one of the department's highest priorities. Effective project management and documented cost versus benefit analyses would be major factors in overcoming present shortcomings. These efforts should:

- ☐ Devise new systems to fit identified needs and capture transactions as early in the process as possible.
- ☐ Evaluate cost-effectiveness of on-line updating versus batch processing.
- ☐ Minimize excessive input coding and develop editing controls to reduce reconciliations of computer reports by users.
- ☐ Design report formats which highlight essential information.
- ☐ Delay equipment or software purchases until implementation is sufficiently advanced to warrant the expense.

An analysis should also be made of the effectiveness of the current documentation methodology. While it does provide guidelines for a structural approach to systems design and implementation, the procedures also generate an enormous amount of paperwork. Anticipated improvements in systems management could render the existing level of detail unnecessary.

Establishment of a centralized data processing organization will make it possible to formulate overall goals, responsibilities and criteria for measuring individual performances. For example, an accounting and budgeting system should be devised to permit tracking of data processing costs. This would be particularly helpful when making lease-versus-purchase decisions. Major agency investments could be allocated on an anticipated life cycle with depreciation included as part of the organization's budget. This would help provide an accurate analysis of operating costs with respect to capital investments.

Creation of the new department will require enabling legislation as well as executive action. In addition, it may take as long as three to five years before major improvements can be documented. However, data processing must be recognized as a vital activity in the state. It is not possible to operate this complex a function by committee. Industry experience has shown that the benefits of automation can only be realized if an effective, technically qualified administrator is given the responsibility and top-level support necessary to plan and direct a comprehensive service organization.

63. Require all data centers to prepare written operating plans.

Existing centers do not generally have operating plans to ensure effective management control and performance measurement. This deficiency should be remedied and a standard format prescribed. Sections would include:

- ☐ Statement of operational objectives.
- ☐ Description of organization and personnel resources.
- ☐ Overview of present applications and systems development projects.
- ☐ Planning strategies for hardware, software and telecommunications.
- ☐ Statement of operational standards.

Documentation will be a valuable source of information for the proposed Department of State Information Systems as well as the centers themselves.

64. Develop a master plan for the state.

At present, there is no master plan to guide the allocation and development of data processing resources in the state. This has led to a proliferation of redundant support groups, programming languages and computer systems. Therefore, one of the major priorities of the new department must be to develop a master plan for the utilization of existing and proposed data processing resources.

65. Transfer the auditor's computer operations to the proposed Department of State Information Systems.

The center acts as a service bureau by providing computer capacity to various agencies as well as statewide services for common systems applications. As part of the consolidation of data processing resources proposed for the state, the center should be transferred to the proposed department.

66. Revise accounting and budgeting controls related to data processing.

Certain software and hardware items can be either leased or bought. However, there is currently no way to draw accurate cost-versus-benefit comparisons since purchases are reflected only in a single year's budget while rental costs are allocated every year.

This deficiency could be overcome by establishing a special fund for all capital expenditures related to data processing software and equipment. A useful life would be estimated for each item and department budget allocations established to cover the current year's amortization and investment charge for the remaining cost of that asset. Implementation of this approach would provide a more accurate assessment of data processing costs and place more emphasis on cost-effective lease or buy decisions.

67. Improve the quality of systems analysis and design.

Data processing solutions which do not meet user needs adequately are responsible for much of the current dissatisfaction expressed by various agencies. Upgrading the quality of systems analysis and design work can best be accomplished by expanding the role of the systems analyst. The objective would be to emphasize fact finding and analysis activities before a computerized solution is attempted. Specific steps should include:

- ☐ Expansion of analyst job descriptions to provide enhanced career opportunities which will attract qualified personnel.
- ☐ Emphasis on the recruitment of individuals skilled in problem solving rather than computer technology as such.
- ☐ Establishment of a systems methodology which encourages user participation, exploration of alternative solutions and value analysis to ensure accurate cost-versus-benefit documentation.

In addition to improved service, implementation should result in more cost-effective responses to user needs.

68. Review package systems before purchasing.

Several package systems have been purchased by the state without a realistic evaluation of the resources needed to implement or maintain them. A prime

example is the personnel/payroll system which is still not completely operational after three years of work. Expenses have reached the point where the state may never fully recover its investment. To eliminate the potential for such problems in the future, in-depth analyses should be performed by the proposed Department of State Information Systems before any system is purchased for state use.

69. Implement procedures to ensure cost-effective data communications networks.

Present data communications networks are installed without proper overall coordination and, in some cases, without adequate justification. One of the activities undertaken by the proposed Department of State Information Systems should be to identify, catalog and evaluate all existing data transmission networks. Findings should be discussed with the departments involved and an overall plan developed to eliminate surplus equipment and personnel through appropriate consolidation and coordination. All future requests for system alterations would be channeled through the proposed department to ensure adequate control of resources.

70. Use existing authority to defer development of new computer centers.

Until a master data processing plan has been developed for the state, agencies should not be permitted to proceed with development plans for independent computer operations. While responsibility for data processing activities will eventually be vested in the proposed Department of State Information Systems, the existing authority of the Division of Budget, Policy Planning and Coordination should be utilized in the meantime to defer all proposals for new acquisitions or expansions until they can be evaluated by the division.

Department of Administration

The primary function of the Department of Administration is to provide support services for other state agencies.

Present Operations

The department is headed by the Director of Administration who supervises a staff of 168. The fiscal 1980 appropriation amounts to \$280,900 for internal support functions. These are provided in three areas. The Fiscal Unit controls all monetary and accounting functions in the department and bills approximately 250 government entities for services rendered. A Word Processing Unit is responsible for centralized typing and clerical support services. In addition, one research analyst is available to work on special projects. Specific information on major department activities is provided in subsequent report sections. These include the Divisions of General Services, Public Works, Purchasing and the Personnel Commission.

Recommendations

The current Director of Administration, who has headed the department for two years, has made a number of changes to improve efficiency and morale. For example, a totally new system has been installed to upgrade fiscal activities. A few changes in regard to billing, group insurance and postal charges would be beneficial. The Word Processing Unit is a cost-effective approach for turning out high volume correspondence.

71. Automate the accounts receivable billing process.

On a monthly basis, the Department of Administration may send a single agency as many as 13 separate bills for services rendered. The paperwork involved is excessive and labor costs amount to approximately \$2 per billing. To improve this situation, a computerized system should be developed to consolidate agency charges into a single monthly account. The one-time cost of programming would be about \$3,400. Implementation would reduce staff requirements by one position for an annual saving of \$12,000.

72. Permit interaccount billing for insurance costs.

Current statutes do not specifically state that interaccount billing may be used to process agency insurance bills. As a result, the warrant system is utilized, resulting in excessive amounts of paperwork. At present, the Fiscal Unit must assign one individual seven days a month to process insurance billings. To remedy this situation, the code should be amended to permit interaccount billing for these charges. Implementation of this proposal will permit more effective use of personnel resources.

73. Allow agencies to purchase postage directly.

Under current operating procedures, agencies buying postage must first request and then pick up a check from the Department of Administration. This is an extremely cumbersome system which generates supporting records both in the agency and the department.

It would be more efficient to authorize agencies to purchase postage directly using their own funds. Based on fiscal 1978 check volumes, implementation would save nearly 1,000 hours which could be directed toward other activities.

Division of General Services

Responsibilities assigned to the Division of General Services encompass communications systems, mail distribution, records management, microfilming and printing services. The division is headed by an administrator and received a fiscal 1980 appropriation slightly in excess of \$7-million. It has an authorized staff of 64. Organizationally, the division includes the following bureaus:

- ☐ Printing Services: Intended to serve as a central control point for state printing needs.
- ☐ Records Management: Consists of a microfilming center with the capacity to produce microfiche reports directly from computer tapes.
- ☐ Communications: Installs and maintains communications equipment.
- ☐ Postal Service: Handles approximately 200,000 pieces of mail monthly.
- ☐ Insurance and Budget: Administers the state's risk management and employee group insurance programs.

Recommendations

The major problem in regard to effective printing, records management and communications functions for the state is the current fragmentation of activities and responsibilities. This is particularly true in regard to printing services since a number of agencies operate independent print shops. Mail activities could also be made more cost-effective. In addition, there is a definite need for a comprehensive communications master plan to ensure optimum use of resources.

74. Centralize state printing activities.

Despite the existence of the Bureau of Printing, independent agency operations are in evidence throughout the state. Although five of them are located in Boise, there is no attempt to coordinate activities. The result is duplications of equipment, personnel and supplies. Much of the machinery is not being used to capacity and there are no standard procedures governing the use of commercial suppliers or internal resources.

Since the current approach is costly and inefficient, all printing responsibilities should be centralized under the Bureau of Printing. The separate facilities now operating in Boise should be physically consolidated into a single location. Field shops should be maintained as appropriate, but staffed by bureau personnel rather than employees of the host agency. The bureau would then be responsible for establishing appropriate equipment specifications and staffing levels to ensure cost-effective printing services for user departments. All printing requests would be channeled through the bureau which would also be responsible for control of the agency duplicating equipment.

Implementation would eliminate unwarranted expenses and should reduce the volume of outside printing done. The estimated annual saving would amount to \$268,500 based on current costs.

75. Implement a comprehensive records management program.

In 1974, the Legislature mandated that the Director of Administration develop a state records management system. It was to include policies and procedures related to retention periods, microfilming, forms management and destruction of obsolete documents. In response, the director established the Bureau of Records Management. However, its only activity other than microfilming is to approve or disapprove agency requests to destroy old records. As a result, the state has no records center, inventory of its documents or effective guidelines to establish microfilming priorities.

To remedy this deficiency, the bureau should develop a comprehensive records management program and the Legislature should appropriate funds to implement it. The following are among the activities to be carried out:

- ☐ Inventory state records including equipment, space and staffing required for their maintenance.
- ☐ Analyze documents to identify materials which should be retained permanently or for a specific period as well as those which can be destroyed.
- ☐ Develop appropriate retention and destruction schedules.
- ☐ Set priorities with regard to microfilming.
- ☐ Implement a forms management program to streamline paperwork.

☐ Publish a comprehensive policies and procedures manual.

☐ Establish a state records center if needed.

Although some outside expertise may be needed, most of the work can be done internally with the addition of two positions — a records management specialist and a clerk. The one-time cost would amount to \$31,000. Since only the clerical position would be permanent, the annual expense would amount to \$11,000 after an anticipated two-year implementation period.

76. Consolidate record microfilming activities.

At least six agencies have their own microfilming centers while others use service bureaus. Since there is no analysis of the types of records kept, there are no uniform standards governing procedures, coordination or retention priorities. In two instances, agencies have been microfilming copies of the same records.

The state already has an organization which could serve as a central control point — the Bureau of Records Management. To implement this approach, all request for microfilming should be channeled to the bureau which would provide the service in-house or contract for the work as appropriate.

Existing equipment should be reassigned to the bureau except for viewers, readers and storage cabinets required for agency use. In the same manner, all microfilming personnel should be relocated to the bureau which could then establish appropriate staffing levels and equipment specifications. It would also be responsible for setting fee schedules which would reflect both direct and indirect costs. Implementation would eliminate redundant efforts and should help reduce overall costs.

77. Develop a statewide radio communications plan.

The existing communications networks have developed over the years without any centralized control. As a result, cities and counties have equipment which cannot interface effectively with each other or the state. In addition, the state's microwave system has proven so unreliable, agencies are leasing lines from telephone companies. Networks in the Department of Law Enforcement are operating over capacity in the southern part of Idaho, resulting in troublesome transmission delays.

A good deal of the current equipment is old enough to warrant replacement in the near future. Before this is done, a steering committee should be established to define user needs and system specifications. Representatives should be included from the Departments of Law Enforcement, Health and Welfare, Transportation, Fish and Game and Lands. The Director of General Services would act as the committee's chairman.

This group would be responsible for developing a master plan to integrate the long-term requirements of the various agencies. An engineer should be retained to provide necessary technical expertise and a deadline of four months should be established for development of a draft plan. This document should address projected volumes, city/county integration, technological improvements, centralization of dispatch operations and required geographical coverage of relay networks. The annual cost to the state for implementing this proposal is estimated at \$25,000.

78. Pre-sort first class mail.

The Bureau of Postal Services handles approximately 100,000 pieces of first-class mail monthly which would qualify for a discount of \$0.02 per piece if pre-sorted. Since this activity is left to the discretion of each agency, only half of this mail is properly separated resulting in an additional monthly mailing cost to the state of \$1,000.

To reduce current costs, the responsibility for pre-sorting should be consolidated in the Bureau of Postal Services. Since additional staff time will be required, the bureau should eliminate one of its two morning mail pickups. The annual saving would amount to \$12,000.

Division of Public Works

The Division of Public Works is responsible for coordinating the planning, construction and management of physical facilities required by the state. The Administrator of Public Works supervises a staff of 85. The fiscal 1980 appropriation has been set at slightly more than \$3.6-million while funds authorized for the 56 projects under construction as of February 1979 amount to \$26.7-million.

Organizationally, the division consists of four sections: Planning and Programming, Design and Construction, Preventive Maintenance and Building Services. Division activities encompass analyses of agency space requirements, preparation of contracts related to construction activities, maintenance and security for buildings and grounds in the capitol mall, space allocation and approval of all lease agreements as well as management of multi-agency office buildings owned by the Idaho State Building Authority.

Recommendations

Approximately 90% of the division's personnel are employed in either design and construction or building services areas. Delays in advertising for construction bids, inconsistencies in interpreting building codes and inadequate fiscal controls hamper the efficiency of the design and construction process, resulting in increased costs to the state. Expenses associated with state custodial services are significantly higher than those for comparable work in the private sector. The potential for improved space utilization is reduced because of the lack of adequate management information.

79. Develop a comprehensive facilities management information system.

Division responsibilities encompass space planning and management, lease control, energy conservation and preventive maintenance. Effective control of these areas is dependent on timely, comprehensive management information in connection with acquisition costs, operating expenses and facility utilization. Although the recent development of the building inventory system has increased the amount of available data, there is no coordinated effort underway to establish a comprehensive information network.

To remedy this, steps should be taken to design a system which would prepare appropriate management reports using a single data base. Accomplishing this objective will require an identification of the types of information needed for management analyses as well as methods for accumulating and processing data

efficiently. Development costs of this system should be more than offset by potential savings due to improved space utilization alone.

80. Improve procedures for evaluating space requirements.

Under present procedures, insufficient justification and cost details are required for authorization of funds to construct or lease new facilities. No standards exist to measure costs nor are there any provisions to compare building or rental alternatives as an aspect of long-range management planning.

Current statutes provide the Division of Public Works with space allocation powers subject to certain restrictions. Therefore, the Planning and Space Programming Section in the division should be authorized to require all pertinent data on property which is owned or leased by the state on a regular and timely basis. This information should then be used to develop a periodic building space management report. It would provide the following data, alphabetically by county and then city:

- ☐ Agency name and address.
- ☐ Number of employees.
- ☐ Square feet per employee based on state space standards.
- ☐ Total square feet of usable space.
- ☐ Actual square feet per employee.
- ☐ Total square feet leased or owned.
- ☐ Excess square feet available.
- ☐ Lease rate per square foot.
- ☐ Cost per year.
- ☐ Lease expiration date.
- ☐ Lessor and address.

Reports should be updated and distributed monthly to identify opportunities for consolidating space requirements. Data should be used to evaluate lease versus construction decisions including considerations related to the financing cost. For example, the Department of Agriculture has moved to a new building which provides 325 square feet per employee. This is considerably in excess of normal standards. Based on state guidelines, 13,100 square feet of the 21,000 square feet of usable space in the building should be available to house other agencies.

81. Resolve inconsistencies in current building codes.

Sections of the Uniform Building Code conflict with provisions of others utilized in the state, resulting in duplicate inspections of some construction phases and differing interpretations of requirements by the inspectors. Because this can create work stoppages as well as excessive additional paperwork, contractors commonly escalate their bids by 2% to 4% for state construction projects.

To resolve current difficulties, the Idaho Building Code Advisory Board should review the Uniform Building Code and the other statutes now in use to clarify conflicts. In addition, a decision should be made in regard to state enforcement powers. Under current statutes, it would appear that code enforcement rests with the Department of Labor and Industrial Services rather than the Division of Public Works which is simply an inspection agent during the construction process. Further, bid conditions should be amended to require that architects and engineers doing work for the state accept responsibility for meeting all current building codes when submitting plans and designs. These should then be evaluated by the Department of Labor and Industrial Services to ensure code conformance. Finally, the Division of Public Works should hold annual meetings with contracting firms to review problems such as code enforcement and the like related to state construction projects.

Implementation should enable contractors to quote without escalating their cost estimates as is currently the practice. Actual savings will be dependent on the level of building done by the state each year.

82. Centralize approval controls for new construction.

The Permanent Building Fund Council was established to provide centralized control over new state construction. However, programs not funded by the council are not subject to its approval. As a result, a significant number of projects — more than half of those currently in process — are not evaluated by the council. To ensure adequate control over state facility construction, all projects, regardless of funding source, should be subject to council approval.

83. Improve expenditure controls on construction projects.

Although expenditure reports are produced for the division, they are not always accurate or timely. As a result, unauthorized expenditures have occurred.

To improve current controls, procedures for the preparation and distribution of necessary reports should be defined and documented. This would include listing all sources of data on transactions that affect expenditure authorizations. In addition, a document should be prepared which would reconcile transaction information to data included in the expenditure report. Procedures should be described in sufficient detail so that new personnel can be trained in their use within two or three weeks.

84. Contract for private janitorial services.

The state employs 35 custodians and two foremen to provide janitorial services. For a five-day week, current expenses per gross square foot average \$0.81 on an annual basis. Comparable private sector costs range from \$0.46 to \$0.60. Using a conservative figure of \$0.70 per year, the state could realize an annual saving of \$31,100 by contracting with a private firm for its custodial needs.

Division of Purchasing

The Division of Purchasing is one of four major entities within the Department of Administration. It handles a variety of procurement and property management activities for the state.

The division is headed by an administrator who is appointed by the Director of Administration. It has a fiscal 1980 appropriation of almost \$2.8-million and an authorized staff of approximately 30. Organizationally, the division consists of the following areas:

- ☐ Bureau of Risk Management: This bureau obtains necessary insurance coverage for the state. Unlike other entities in the division, its manager reports to the Director of Administration.
- ☐ Central Property Inventory System: CPIS is basically an attempt to keep an accurate inventory of chattel property. It has been operative for almost four years and some 85% of the state's agencies participate.
- ☐ State Motor Pool: The car pool operates only in Boise to provide state employees with economical transportation while they are on official business. The fleet consists of approximately 16 cars.
- ☐ Federal Surplus Supply: This function was created to acquire surplus federal property for distribution to public institutions throughout the state.
- ☐ Bureau of Supplies: This bureau acts as a warehouse for supplies and equipment in general use by state agencies. Current inventory is valued at approximately \$225,000.
- ☐ Bureau of Purchasing: The bureau is meant to be the central procurement arm of the state. Its objective is to buy quality materials and equipment at the lowest possible price consistent with fair and legal practices.

The purchasing policies and procedures used by the Division of Purchasing are covered in detail by the state code which explicitly defines the powers and authority of the administrator.

Recommendations

The Division of Purchasing is not structured to carry out its procurement activities effectively. The logic of including risk management, fleet and property inventory functions within this organization is highly questionable. Furthermore, excessive legislative restrictions and autonomous buying activities which are prevalent in various other departments have done away completely with the cost advantages to be gained from centralized purchasing.

85. Restructure the state's purchasing function.

As presently structured, the Division of Purchasing includes six areas: Bureau of Risk Management, CPIS, State Motor Pool, Federal Surplus Supply, Bureau of Supplies and Bureau of Purchasing. The latter is supposed to be responsible for all state buying activities. However, separate organizations, employing in excess of 40 persons, exist in various agencies to perform procurement functions.

This fragmentation of effort has resulted in a lack of control and inconsistencies in basic purchasing methods which adversely affect the state's overall buying power. In addition, a number of functions are included in the division organization which do not pertain to purchasing activities and, thus, hamper overall management effectiveness.

To resolve these problems, the entire purchasing function must be restructured. As a first step, all agency buying organizations should be eliminated and the most

qualified individuals transferred to the Division of Purchasing. Under this approach, agencies would still be permitted to buy goods or services directly if the dollar amount does not exceed \$500 per order. Other purchases would be processed through the division including all orders, regardless of dollar value, for materials carried by the Bureau of Supplies.

As shown below, the division would be restructured to eliminate non-purchasing activities. The Bureau of Risk Management and the State Motor Pool would become separate entities within the Department of Administration while CPIS would be eliminated. Remaining functions would be organized as follows:

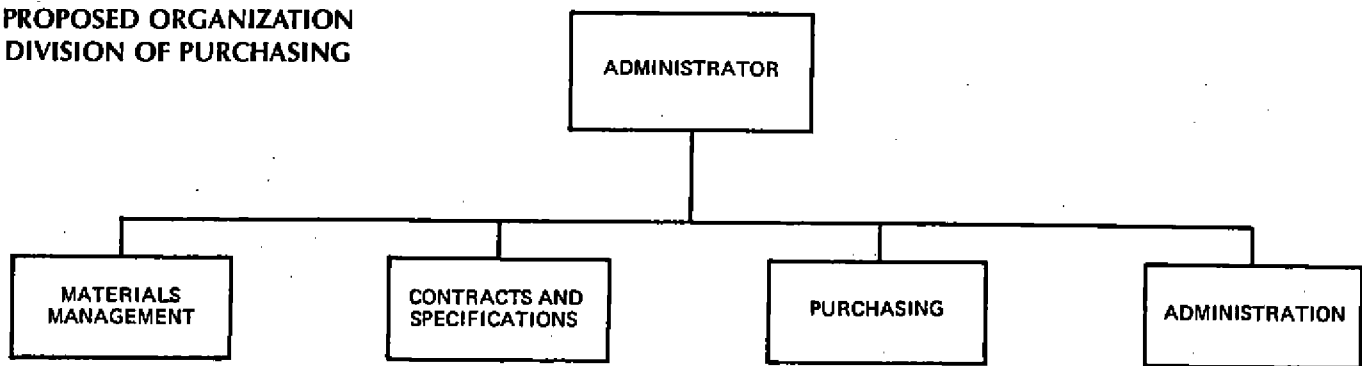
- ☐ **Materials Management:** Activities now assigned to the Bureau of Supplies and Federal Surplus Supply would be consolidated into a single unit to handle distribution of office materials and federal surplus acquisitions. It would be responsible for developing a master plan in regard to state warehousing requirements.
- ☐ **Contracts and Specifications:** This group would provide technical expertise required to support overall buying activities. It would also develop standardized purchasing specifications for use throughout the state.
- ☐ **Purchasing:** The Purchasing Section would consist of a manager and 10 qualified buyers, each specializing in a particular product category.
- ☐ **Administration:** This unit would provide support services for the rest of the division and would maintain statistical data on buying activities. It would also be responsible for developing training programs for division personnel as well as agency liaison.

Implementation would provide the state with an effective, centralized purchasing organization. In addition, the reduction in overall purchasing positions is expected to result in an annual saving of \$207,100. Substantial benefits should also be possible through increased volume buying for state agencies.

86. Revise purchasing legislation.

Various provisions governing state purchasing activities are so restrictive in light of inflationary factors, they hamper efforts at effective procurement or result in unnecessary paperwork. To resolve current problems, the following changes should be enacted:

PROPOSED ORGANIZATION DIVISION OF PURCHASING



- ☐ Increase dollar limits from \$200 per month to \$1,000 for procurements and from \$5,000 to \$25,000 for purchases as defined in the code.
- ☐ Permit the division's administrator to limit the sending of bidding notices to five qualified vendors and eliminate the requirement to seek quotes only from registered suppliers.
- ☐ Repeal provisions relating to administrative appeals of purchasing decisions. Instead, vendors should be permitted to file formal complaints with the State Auditor.
- ☐ Remove references to the Division of Purchasing to allow the department's Director of Administration to specify organizational responsibilities in relation to risk management.

These legislative modifications would greatly improve the division's ability to function more effectively.

87. Streamline buying procedures.

The current system for requisitioning, ordering and paying for merchandise is extremely slow. On the average, it takes 27 days for a submitted agency requisition to produce a purchase order. Another two months may pass before the goods are delivered. As a result, many agencies have established their own buying organizations or submit an inordinate number of emergency orders — currently some 50% of the total volume.

To ensure an effective procurement function, the current system must be streamlined to eliminate redundant activities and excessive paperwork. As discussed in another recommendation, all orders of more than \$500 would be placed through the Division of Purchasing while those below this amount would be handled by the agency.

Before a requisition is sent to the division, the agency would encumber the necessary monies to eliminate current verification of available funds. The encumbered amount would be specified on the requisition. When the amount is under \$25,000, the division would obtain quotes from up to five qualified vendors without using formal bidding procedures. Provided sufficient funds are available, the division would then make the award. A copy of the purchase order would be sent to the agency and the State Auditor. The vendor would ship direct to the agency and bill the State Auditor. When the goods are received, the agency would compare the shipment with the purchase order and prepare a receiving and inspection report. Copies would be sent to the Division of Purchasing and the State Auditor. The latter, having received a purchase order, an invoice and notice of receipt, would pay the amount owed.

Ideally, a system could be used to batch invoices from the same supplier to make a single monthly payment for all agency purchases. The division should keep a record of "open" orders to expedite shipments instead of waiting for the agency to lodge a complaint.

In this way, it would be possible to substantially improve service levels, eliminating the justification for independent buying organizations in the various agencies. The streamlined system should also enable the state to qualify for more cash discounts on its purchases.

88. Establish performance objectives and monitor progress through periodic audits of the purchasing function.

The Division of Purchasing has no means for evaluating its efficiency, cost-effectiveness or quality of service. At present, it lacks defined operational objectives as well as criteria for measuring accomplishments. This has resulted in a fragmentation of the purchasing function which has adversely affected the state's overall buying power.

The primary goal of public purchasing is to acquire goods and services efficiently and economically as they are needed. Centralization of both authority and accountability are major elements in an effective procurement cycle. However, to ensure accountability, realistic goals must be set and progress toward these objectives measured through periodic audits. A number of quantitative and qualitative performance indicators exist which could be used to evaluate the Division of Purchasing.

The first step in establishing a meaningful audit program would be to agree on the performance parameters to be used as well as the degree of emphasis given each. Once the indicators are chosen, goals would be set based on anticipated performance levels. Progress would then be measured periodically and the objectives themselves evaluated through internal and external audits.

89. Initiate a buyer development program in the division.

The Division of Purchasing has no qualified professionals on its staff. Buyers often have less than three years of experience, usually limited to Idaho state government. Steps must be taken to enhance the qualifications of the people responsible for the state's procurement function.

To accomplish this objective, a professional development program should be initiated in the division coupled with an aggressive program to recruit qualified individuals to fill vacant posts as they occur. Considerable emphasis should be given to the successful completion of the four examinations required for certification by the National Association of Purchasing Managers. Implementation would require an annual expenditure of about \$5,000.

90. Improve fleet operations.

The current fleet operation is fragmented and suffers from the lack of centralized control. Most agencies prefer to purchase their own vehicles, ignoring the car pool maintained by the Division of Purchasing. As a result, there are no policies to ensure appropriate utilization and no standards in regard to maintenance costs or replacements. In addition, information is not readily available to identify the number and condition of vehicles owned or leased by the state.

The fleet operation cannot be effectively administered as part of a purchasing organization. Instead, a position of fleet manager should be created, reporting to the Director of Administration. The person selected to head this function should be a qualified professional. All state cars would be placed under the incumbent's jurisdiction. This individual would then:

- ☐ Develop criteria for vehicle assignments and ensure agency compliance.
- ☐ Determine chargeback costs including vehicle depreciation to recover operational expenses.

- ☐ Formulate and establish uniform standards for vehicle purchases and maintenance activities.
- ☐ Establish and implement a uniform vehicle disposal policy based on time, mileage and condition.
- ☐ Reduce the requirement for private vehicle use in intrastate and interstate travel.

Assuming a 25% improvement in fleet efficiency, the equivalent of 300 vehicles could be made available to reduce private car reimbursements. Subtracting personnel costs for a manager and three clerks as well as anticipated operating costs, the net annual saving should amount to approximately \$464,400, based on current expenditures.

91. Revise current vehicle reimbursement policies.

During fiscal 1978, state employees traveled almost as many miles in their own cars on official business as they did in government vehicles. To discourage the use of private cars, a lower reimbursement rate should be used whenever a private car is chosen in preference to an available agency vehicle. Five states already utilize this approach. A "convenience" rate of \$0.11 per mile instead of the normal \$0.15 could result in substantial annual savings and would help establish an effective fleet operation in the state.

92. Implement an integrated billing and inventory control system.

The Bureau of Supplies maintains a perpetual inventory on the State Auditor's computer. However, current requisitioning procedures require that line item data be entered into the system several times, both for billing and inventory purposes. This is also true of procedures for other central services.

To eliminate redundant activities, an integrated billing and inventory system should be designed. It should require line item input only once and would perform necessary cost extensions. In addition, the proposed application should have a generalized format to permit its use for various central services. Implementation would require a one-time programming expenditure of \$5,000 and would eliminate one clerical position in the bureau resulting in an annual saving of \$9,900.

93. Discontinue the state's computerized property inventory.

CPIS, which has now been in operation almost four years, is the state's third attempt at maintaining a computerized inventory of its property. Unfortunately, it remains a cumbersome, inaccurate report which serves little purpose. The task force review did not reveal that the agencies providing data to produce the annual listing consistently use the resulting report for either decision-making or control activities. In fact, most agencies of the state keep other records on major assets because CPIS does not provide them with necessary information on a timely basis.

Given these factors, CPIS should be eliminated. Instead, the State Auditor should be responsible for developing a system which will automatically inventory all capital equipment purchases paid for by the state, deleting items when they are removed from state control.

Personnel Commission

The Personnel Commission is responsible for administering a classification system for state government employees. It has a bi-partisan membership of five persons, appointed by the Governor for staggered six-year terms. At least two must have five or more years of personnel management experience. A Personnel Director is appointed by the commission to serve as its executive secretary and administrative officer. There is a full-time staff of 46 while the 1980 appropriation amounts to about \$996,000.

The objective of the system administered by the commission is to provide a means of testing, selecting and promoting individuals on the basis of merit and their performance of assigned duties. Records are currently kept on more than 9,000 classified state employees. In fiscal 1978, there were approximately 23,400 applications for employment resulting in the certification of more than 3,300 individuals.

Recommendations

The Personnel Commission staff is effectively organized and is carrying out its assigned duties well. However, personnel classification analysts should be centralized and total recruitment functions assigned to the commission. Further, some expansion of responsibility appears necessary in regard to agency-level performance evaluations.

94. Expand the jurisdiction of the Personnel Commission.

Of the current state employees, nearly 7,000 are exempt from procedures and rules established by the commission. Some 4,100 of the exempt employees work within the education system. The remainder are employed by elected or appointed officials in various agencies and departments. This makes it difficult for the state to select, retain and promote personnel on an equitable basis. Problems include pay differences as well as the lack of specific qualifications for exempt positions. To ensure standard treatment of state personnel, exempt status should be limited to elected officials and their immediate staffs, appointed department heads, key management personnel and faculty. All other positions should be placed under the jurisdiction of the Personnel Commission.

95. Reassign total recruitment responsibility to the commission.

When departments cannot fill key vacancies through promotion or state lists of eligible candidates, they attempt to recruit qualified individuals through advertisements. However, applicants must then be redirected to the Personnel Commission for information on civil service tests, times and locations. Attendant delays often result in key posts remaining vacant for excessive periods.

To eliminate current time lags, the commission should be authorized to take whatever recruitment action is necessary to fill key posts. Advertising and applicant travel expenses would be authorized by the director of the department involved and paid to the commission through interagency transfers.

96. Transfer department personnel analysts to the commission.

The Departments of Health and Welfare, Transportation and Employment have personnel analysts on their staffs to carry out certain job classification responsibilities. As indicated in the department reports, these positions could function

more effectively if the incumbents were reassigned to the Personnel Commission. Implementation will ensure uniform handling of classification and compensation activities.

97. Assist agencies in implementing mandated performance evaluations.

New legislation has removed automatic in-grade salary increases so that raises must now be based on performance evaluations by respective supervisors. Some training programs have been developed by the Personnel Commission to help state agencies in implementing these mandated requirements. Formal responsibility for additional assistance should be assigned to the training staff to ensure standardized administration.

Department of Revenue and Taxation

The current department is the result of a series of legislative and constitutional changes dating from the early 1900s. Basically, its responsibilities involve equitable administration of the state's tax laws, collection of revenues and processing of tax appeals from both individuals and county assessors.

Present Operations

In 1945, the state constitution was amended to establish a bi-partisan Tax Commission. Its four members are appointed by the Governor for staggered terms of six years, subject to the consent of the Senate. Effective in 1974, the commission was consolidated with the State Board of Tax Appeals into the present department. This combination is only a concept since there are no administrative, functional or even physical links between the two groups.

Currently, the department includes just over 200 full-time employees organized into bureaus which report to the four commissioners. The fiscal 1980 appropriation amounts to nearly \$8.8-million. Organizationally, the department encompasses six functional groups: Bureaus of Support Services, Revenue Operations, Audits, Field Services and Information Systems as well as the Ad Valorem (property tax) Group.

Recommendations

This department has a number of operational problems. Most center around the processing of individual tax returns. It also suffers from fragmented leadership and a lack of overall direction. There are substantial opportunities to improve service efficiency and overall cost-effectiveness throughout the department.

98. Allow the federal government to administer the state's individual income tax returns.

In order to collect personal income taxes and produce statistical reports, the Department of Revenue and Taxation must process and review information from each individual tax return. The form requires considerably more information than formats utilized in other states. A primary reason is that Idaho's taxes are not based on an adjusted figure from federal returns as is the case in Maine and many others. The resulting work load has severely affected the department's ability to process returns in a timely, accurate manner.

To resolve current operational problems, Idaho should enter into an agreement permitted under existing federal regulations which allows the Internal Revenue Service to collect and administer both resident and nonresident returns at no charge to the state. Under this approach, the Department of Revenue and Taxation planners would be responsible for evaluating the impact of any federal changes which might affect state revenues.

If there is insufficient time for the Legislature to take action in relation to such situations, the tax commissioners, with the Governor's approval, should be empowered to adjust Idaho tax rates to compensate for federal changes. Of course, decisions to increase or decrease tax revenues or make major changes in the tax structure would still be vested in the Legislature. Implementation would provide an annual saving estimated at slightly more than \$1.2-million, based on current department operating expenses.

99. Establish an Administrator of Revenue and Taxation.

By law, the Department of Revenue and Taxation's administrative responsibilities must be divided among the four tax commissioners. This approach has fragmented current operations and caused severe management problems. In addition, the commissioners' involvement with day-to-day activities have resulted in a potential conflict of interests in regard to hearings on non-real and personal property tax appeals.

To improve department services, a qualified manager with a background in accounting, taxes and finance should be recruited to function as the Administrator of Revenue and Taxation. This individual would be appointed by the Governor with the approval of the Legislature.

The department's four tax commissioners would thus be relieved of all responsibility for day-to-day operations. However, they would still provide interim tax rates as described in the previous recommendation and continue to handle equilization activities.

Given the reduction in the work load, the number of commissioners should be reduced to three persons, serving part time. Under this concept, all appellate functions would be consolidated under the Tax Appeals Board which could be reconstituted on a full-time basis. This would greatly simplify the appeals process and resolve the potential conflict of interests within the commission. Implementation of this proposal would also result in a net annual cost to the state of approximately \$26,900.

100. Require full disclosure of market values in all property transactions.

Each year, the Tax Commission must ascertain the ratio between market and assessed values for real property in each county. This sales-ratio study is the basis for distributing state educational funds as well as for equalization of property assessments throughout the state. Because Idaho lacks a full disclosure law, the information gathering process is extremely complex and requires a total of seven full-time employees.

As a remedy, a law should be enacted requiring all buyers and sellers of property in the state to forward data needed for the sales-ratio study to the Tax Commission. Implementation will result in an annual saving of \$126,700 through reduced staff requirements.

101. Combine the Bureaus of Audits and Field Services.

Although the functions assigned to these bureaus within the Department of Revenue and Taxation are closely related, there is inadequate coordination between the two units. Current problems could be resolved and overall service levels improved if the bureaus were consolidated and merged. In addition, elimination of one bureau chief's position would provide an annual saving of \$30,900 to the state.

102. Increase staff in the Employer Withholding Section.

There is only one accounting technician in this section to monitor employer withholding payments. This individual is being provided temporary assistance by a withholding specialist from the Tax Policy Section. The lack of auditing capacity has resulted in substantial losses of potential revenue.

The specialist should be given additional duties as a permanent supervisor in the Employer Withholding Section with a second accounting technician added to the staff. Implementation will provide the state with a net annual income of approximately \$30,000.

103. Reclassify two positions in Miscellaneous Taxes.

Two auditing positions are utilized by this section to perform work which is essentially clerical in nature. The compliance audits which these individuals do perform could be integrated into activities carried out by the various field auditors. The balance of the work should be assigned to two senior clerks. Implementation of this proposal would result in a net annual saving of approximately \$22,700.

104. Implement standard procedures in the department for systems development and documentation.

Systems development in the department is characterized by lack of adequate preliminary planning and uneven results. For example, the current project to install an on-line data entry system has reached the vendor selection stage without a clear definition of requirements.

To remedy this situation, the department must implement uniform standards for systems development and documentation on all projects. Guidelines are currently being formulated and should be evaluated by an objective source outside the department.

105. Provide reports on actual productivity.

The existing work load planning and control system does not provide information on actual productivity in comparison to existing standards. Such data are essential to accurately evaluate employee productivity. Only minor system modifications would be necessary and the entire procedure could be automated if this approach appeared cost-effective.

106. Improve the work layout in the Bureau of Revenue Operations.

The physical layout of work stations in this bureau is inefficient and should be revised. A detailed plan should be developed to improve both work flow and document security. Some outside assistance may be required at a one-time cost of approximately \$20,000.

Public Utilities Commission

The commission supervises and regulates all public utilities as well as certain motor carriers operating in the state.

Present Operations

The Public Utilities Commission has three members and its President serves as the organization's chief operating officer. The fiscal 1980 appropriation amounts to almost \$2.2-million while the personnel level is 64. The commission has quasi-judicial powers and its rules and regulations have the force of law.

Currently, it supervises activities of five electric utilities, 14 telephone companies, two natural gas suppliers and 25 water companies. It also regulates one water carrier, two airlines, six railroads, more than 700 intrastate common carriers and thousands of interstate and private carriers. In addition to its administrative staff, the commission has the following operating units:

- ☐ **Legal:** Coordinates activities of the technical staff when preparing information for presentation at hearings and represents the commission in appeals to the state's supreme court.
- ☐ **Accounting and Finance:** Analyzes and audits financial data submitted by regulated companies.
- ☐ **Rates and Forecasts:** Recommends rates for approval based on a utility's capital investments, load forecasts, costs of service and other data.
- ☐ **Regulated Carrier:** Handles all matters pertaining to motor carriers under the commission's jurisdiction.
- ☐ **Research and Consumer Assistance:** Processes complaints from consumers and recommends the establishment of various policies related to service.

Recommendations

While technical areas are operating effectively, there has been a proliferation of administrative positions which hinder overall efficiency. In addition, some overlap of responsibilities is evident in certain areas.

107. Restructure the Public Utilities Commission.

The existing organization structure of this commission has three major problems. First, the span of management control is excessive with 11 separate individuals reporting to the commission's President. Secondly, there is an overlap of responsibilities among the Special Assistant for the commissioners, the Executive Assistant and the Research and Consumer Assistance Division. Finally, the number of administrative and support personnel is excessive.

To improve overall efficiency, the following changes should be implemented:

- ☐ **Eliminate the Research and Consumer Assistance Division and reassign its complaint activities to the Public Information Unit which should be renamed Public Information and Consumer Affairs. Gas pipeline safety duties should be placed under the Regulated Carrier Division and the research analyst reassigned to the Executive Assistant.**

☐ Consolidate public information, consumer affairs and fiscal functions under the Executive Assistant to reduce the current span of control and eliminate overlapping activities.

☐ Do not fill the four secretarial vacancies. This will enable the commission to improve its utilization ratio for support personnel.

Implementation will result in an annual saving of \$27,800 and an annual cost avoidance of \$112,600.

108. Improve complaint handling procedures.

More than 95% of the complaints directed to the commission originate as telephone calls to one of three investigators. A review of the reports prepared by these individuals indicate a large percentage are inquiries rather than actual grievances. In addition, the practice of writing a report while the call is in progress often results in illegible or incomplete documentation.

To improve the overall system, call forms should be revised to describe the nature of the complaint, persons contacted at the utility, suggested solution and final disposition. In addition, original calls should be considered inquiries and not classified as complaints until the utility has been contacted and an unsatisfactory answer received. Implementation will reduce the time involved in handling individual calls, making it possible to eliminate one position for an annual saving of \$14,000.

109. Sublet surplus office space.

The commission leases more than 18,000 square feet of usable floor space for a total staff of 64. This results in an average space allotment of 285 square feet per individual compared to normal standards of 150. Allowing 800 square feet for a hearing room, the Public Utilities Commission should be able to sublet approximately 7,800 square feet of surplus space for an annual income estimated at \$60,800.

Department of Finance

The Department of Finance is a regulatory agency charged with enforcing the Uniform Consumer Credit Code and monitoring various types of financial activities and institutions.

Present Operations

The department is headed by the Director of Finance who supervises a staff of 26. The fiscal 1980 appropriation amounts to almost \$740,000. Organizationally, the department consists of four bureaus:

☐ Support Services: Provides accounting, personnel and budgeting functions as well as data processing services for the department.

☐ Financial Examinations: Inspects and supervises banks, savings and loan associations, credit unions and other financial institutions which are under the department's jurisdiction.

- ☐ Uniform Consumer Credit Code: Ensures that consumers are not subjected to unfair, fraudulent or exorbitant credit extension, debt collection or credit reporting practices.
- ☐ Securities: Protects investors from fraud by requiring administrative reviews of investment disclosures and licensing of persons engaged in securities transactions.

Recommendations

The department is fulfilling its responsibilities, although the current fee structure is inadequate in relation to actual costs. Some structural improvements could also be made.

110. Increase fees to help defray expenses.

During fiscal 1978, the fee revenues generated by department services fell short of actual costs by \$104,000. It is anticipated that this deficit will increase to \$136,000 for fiscal 1979. In the case of lending institutions, department certifications of management and financial soundness are a service to the industry and should be handled on a self-supporting basis. Therefore, current fees should be increased accordingly. The additional annual income is estimated at \$130,000.

111. Realign certain activities to improve efficiency.

The Uniform Consumer Credit Code Bureau consists of a chief, two investigators and a secretary. Their time is spent handling complaints, but the work load does not warrant bureau status. In addition, the functions assigned to the senior secretary in the Support Services Bureau are not sufficient to keep this individual busy on a full-time basis.

To improve overall personnel utilization, the two consumer credit investigators should be transferred to the Examinations Bureau for supervisory purposes. This would eliminate the need for one bureau chief's position and a secretarial post. Abolishing the secretarial position in the Support Services Bureau would bring the combined annual saving to \$46,300.

Department of Insurance

This department administers state laws and regulations involving insurance. Duties involve examining carriers for financial soundness, approving insurance forms, licensing agents and collecting premium taxes.

Present Operations

The Director of Insurance is the chief operating officer and supervises a staff of 21 plus eight examiners who work under contract. The fiscal 1980 appropriation amounts to over \$500,000. During fiscal 1978, the department collected almost \$450,000 in fees.

At present, there are 30 domestic insurance companies which must be examined every three years. The department also has supervisory responsibility for out-of-state companies which do business in Idaho. Organizationally, the department consists of the following sections:

- ☐ Public and Consumer Services.

- ☐ Property and Casualty Rates, Forms.
- ☐ Life and Health Rates, Forms.
- ☐ Agents' Qualifications and Licensing.
- ☐ Investigation.
- ☐ Accounting, Fiscal and Personnel.
- ☐ Clerical.
- ☐ Company Examination and Admissions.

Recommendations

The department executes its fundamental responsibilities with reasonable efficiency although some organizational improvements are needed. Licensing activities are entirely manual and resulting work loads seem excessive.

112. Restructure the department on a functional basis.

The department is currently organized into a number of small sections, some with similar functions. For example, two are responsible for approving insurance company rates and forms — one for property and casualty coverages and the other for life and health insurance. To simplify the overall structure and improve efficiency, the department should be realigned into two divisions. Administrative activities would be consolidated under one and technical functions in the second. Thus, the department's accounting, personnel, clerical support and agent licensing/appointment activities would be carried out in the proposed Division of Administration. Similarly, the proposed Division of Regulation and Consumer Affairs would handle field examinations, company admissions, forms approval, investigations and consumer complaints.

113. Extend licensing periods and reduce the number of renewal notices.

Licenses for agents, brokers and insurance consultants are renewed every year. In addition, companies are required to inform the department of all changes in their lists of agency appointments annually. It takes a supervisor, four clerks and a part-time employee to keep up with the resulting paperwork.

To reduce current work volumes to a more manageable level, the renewal period for licenses should be extended from one to two years. Confirmation of agency appointments should also be extended to two years and the licensing/confirmation procedures carried out in alternate years. In addition, follow-up notifications on renewals should be decreased from three to two. Implementation would reduce staff requirements for an annual saving of \$18,400.

114. Study the feasibility of automating the licensing/appointment process.

During 1977, the Agents' Qualifications and Licensing Section issued 2,007 licenses, examined 2,107 applicants, processed 9,008 license renewals and handled more than 30,000 transactions dealing with company appointments. To record each agent's current status, the section maintains two massive card indexing systems which require continual updating. Information in these files is referred to an estimated 200 times a day. It would appear that this system might be a candidate for automation. Therefore, the department should conduct a feasibility study to determine potential costs and benefits.

Department of Labor and Industrial Services

This department was formed in 1974 by consolidating five existing regulatory boards and agencies. Its basic purpose is to ensure that all construction in the state meets basic code requirements.

Present Operations

The department is headed by a director who supervises an authorized staff of 103 including 10 vacancies. Its fiscal 1980 appropriation amounts to nearly \$3-million. Approximately 80% of annual operating expenses are recovered through sales of licenses, inspection fees and the like.

Department personnel are responsible for licensing contractors and craftsmen, issuing inspection permits and enforcing compliance with various construction codes as well as the state's minimum wage and employment discrimination laws. The department also conducts safety inspections of all state-owned buildings. Organizationally, it is comprised of the following areas: Electrical, Plumbing, Uniform Building, Safety and Labor Relations Bureaus, Industrial Safety, Wage and Hour and Labor Relations Sections plus Administrative Support — Clerical and Administrative Support — Fiscal and Personnel.

Recommendations

The integration of five separate agencies which was initiated in 1974 has been successfully completed for the most part. Some procedural efficiencies and operating economies could be achieved through changes relating to staffing levels, licensing periods, fees and fleet management.

115. Assess hearing and processing fees in connection with wage law violations.

The Department of Labor and Industrial Services receives about 2,000 complaints a year alleging non-payment of wages due from a present or past employer. Approximately a third of these grievances require formal hearings to resolve. Under current procedures, only the amount of the owed wages is assessed a guilty employer.

In order to improve compliance with current wage laws, a penalty of half the amount being paid the claimant should be imposed. Also, persons filing claims should be required to pay a processing fee of \$10 which would be returned if the grievance is substantiated. The annual additional income to the state is estimated at \$40,000.

116. Revise department staffing levels.

The authorized staff for the department includes 10 vacant positions. Based on current work loads, six of these posts should be eliminated. They include five additional inspectors in the Electrical Bureau and an administrative assistant in the Uniform Building Bureau. The combined annual cost avoidance would amount to \$126,900.

117. Issue biennial licenses.

Electricians, plumbers and contractors are required to renew their licenses on an annual basis. The resulting work loads often require temporary personnel.

additions or staff overtime. However, it would be more cost-effective to issue biennial licenses for these crafts on a staggered basis. The reduced work load will eliminate the need for one clerical position in the department at an annual saving of approximately \$12,000.

118. Simplify the permit issuance process.

The department issues building, electrical and plumbing permits. Although contractors normally apply for all three at once, each bureau currently prepares and mails out receipts individually.

It would be more efficient to utilize a combined form to consolidate application and processing procedures for these permits. Implementation should eliminate the necessity for additional personnel resulting in an annual cost avoidance of approximately \$11,600.

119. Improve utilization of department vehicles.

Field inspectors are paid \$0.15 a mile for business use of personal cars. However, records indicate that five of the Department of Labor and Industrial Services' seven fleet vehicles are substantially underutilized and could be reassigned to field personnel. The annual cost avoidance in mileage payments is estimated at about \$8,300.

Department of Agriculture

The Department of Agriculture is responsible for promoting and regulating the agricultural industry in Idaho. It also establishes standards of weights and measures and protects consumers from adulterated or contaminated food products.

Present Operations

The Director of Agriculture is appointed by the Governor and supervises a staff of 318. The fiscal 1980 appropriation amounts to slightly more than \$7.8-million of which the bulk — \$4.9-million — will come from various service fees charged by the department. Organizationally, this agency consists of four divisions which are as follows:

- ☐ Animal Industries: Includes the Bureaus of Animal Health Diseases, Animal Laboratories and Meat Inspection.
- ☐ Plant Industries: Contains the Bureau of Chemical and Feed Services and the Bureau of Plant Services.
- ☐ Agriculture Markets: Encompasses the Bureaus of Bonded Warehouses, Weights and Measures, Dairying and Compliance.
- ☐ Federal-State Inspectors: Consists of the Bureaus of Commodity Inspection and Shipping Point Inspection.

There is also a Bureau of Administration to provide central personnel and financial services. The director maintains cooperative relationships with a number of advisory boards, private industry associations, federal agencies and educational institutions involved in agricultural programs or activities.

Recommendations

The department's financial processing and reporting systems are inadequate, resulting in duplications or lack of overall control. In addition, current fees for services are outdated in some instances. Space utilization is also poor.

120. Adjust license and audit fees.

The fees currently charged bonded warehouses, warehousemen and track buyers or their agents for required licensing and audit services are insufficient to offset associated expenses. License fees should be a uniform \$50 except in the case of track buyers' agents who should be charged \$15. Hourly rates for warehouse audits should be set at \$25. Implementation will provide an additional annual income estimated at \$201,300 to offset expenditures.

121. Establish a fee based on head counts for slaughtering licenses.

All meat slaughtered for public consumption must be inspected. At present, 90% of the work is handled by federal personnel. The other 10% of the inspections are done by the state because the slaughtering facilities do not meet federal requirements. To arbitrarily withdraw the state inspection service could create substantial hardships for small packers. However, the work is done without charge and must be subsidized from the general fund.

Financing this inspection activity is not an appropriate use of state monies and steps should be taken to correct the situation. In this regard, a long-range program should be initiated to help local operators qualify for federal inspections. In the meantime, the department should establish a license fee based on head counts of all animals killed in both state and federally inspected plants to help defray current costs of state inspections. The additional annual income is estimated at \$120,000.

122. Charge for optional laboratory tests.

In fiscal 1978, the department's laboratory conducted almost 35,000 diagnostic tests. Approximately 75% were done without charge for private concerns or individuals. As a result, the service normally operates at a deficit. Thus, charges should be instituted for appropriate optional laboratory tests. The potential income on an annual basis is estimated at \$280,000.

123. Increase fees for testing, inspection, certification and licensing.

In fiscal 1978, the department spent more than \$7-million to provide testing, inspection, certification and licensing services while recovering only \$4.8-million in associated fees. To place appropriate activities on a self-supporting basis, current charges for pesticide registration and licensing as well as seed analysis and certification should be revised. Based on current costs, the additional annual income should approximate \$78,000.

124. Implement a centralized management information system.

Various financial functions are carried out by bureaus within the department resulting in duplicated efforts and an overall lack of management control. This is particularly true in areas such as licensing, payroll, budget data and program expense tracking.

To remedy this situation, the Bureau of Administration should design and implement a centralized reporting system to document required financial and management information data. The recently installed word processing system should

be utilized wherever possible to store and retrieve various forms of information and the State Auditor should be asked to provide appropriate additional support. Once the system is operational, division managers should be supplied with timely budget and expenditure reports.

Based on current costs, implementation should result in a net annual saving of \$14,700 through elimination of two positions. The one-time cost is estimated at approximately \$5,000.

125. Centralize license renewal functions.

The four divisions in the Department of Agriculture will process an estimated 6,000 licenses or renewals during fiscal 1980. The Bureau of Administration issues receipts and submits collected funds to the State Treasurer. However, mailing lists and license documentation are handled manually by the divisions and require the equivalent of 3.7 full-time employees on a combined basis.

The department has recently installed a word processing system. Files for all division licenses should be placed on the system, eliminating the need for two full-time positions. The annual saving would amount to \$24,300.

126. Consolidate the department's public relations and marketing functions.

A yearly retainer is paid to a public relations firm to prepare occasional news releases while a department secretary, on loan to the U.S. Department of Agriculture, is used to produce a weekly report on state potatoes and onions from September through May. The report has a circulation of about 450. Both the secretarial position and the public relations expense should be eliminated since current staff in Boise could handle these functions. The annual saving would amount to \$23,600.

127. Improve space utilization.

The department recently moved into a new building constructed for it in Boise. At current utilization levels, personnel have an average of about 325 square feet per individual compared to industry norms of 200 square feet for this type of work environment. A significant amount of space is occupied by files which are not needed for ready access.

To improve overall cost-efficiency, the offices should be laid out to provide sufficient space for additional state personnel now occupying rented facilities. Surplus files should be moved to the building's basement. Although no specific benefit is being claimed, there is a potential for a savings of more than \$50,000 in rental costs if industry space standards are utilized and other agencies are relocated to this facility.

Department of Fish and Game

The primary purpose of the Department of Fish and Game is to preserve and manage the State of Idaho's wildlife resources. This includes the provision of recreational fishing and hunting areas as well as the support of scientific and educational programs.

Present Operations

The Director of Fish and Game, as chief administrative officer, receives policy guidance from a five-member Fish and Game Commission. The latter are appointed to staggered six-year terms by the Governor and meet quarterly to review department activities. The fiscal 1980 appropriation amounts to almost \$10.8-million while the authorized staff has been set at 297 full-time positions.

Organizationally, the department includes two divisions: Programs and Planning and Regional Operations. The former consists of seven bureaus while Regional Operations encompasses six local offices situated throughout the state. As of June 30, 1978, the department had issued more than 780,000 hunting and fishing licenses for total revenues of over \$6-million. In addition to management of public hunting and fishing areas, the department administers some 122,000 acres of property under its land ownership program.

Recommendations

Overall, the department is meeting its mandates effectively. However, the organization structure is cumbersome and improvements are also possible in the licensing and fleet management areas.

128. Separate line and staff functions in the department.

The department was regionalized in 1973 and its assistant director assumed management responsibility for the field offices. The resulting organization structure consisted of seven bureaus reporting to the director plus six regions under the assistant director. The bureaus include: Administration, Enforcement, Engineering, Information and Education, Program Coordination, Fisheries and Wildlife. Except for Administration and Program Coordination, bureau functions are duplicated at the regional level, resulting in a mixture of line and staff activities. The main responsibility of the Program Coordination Bureau is to attempt to clarify responsibilities and coordinate overlapping functions.

To eliminate existing confusion, the department should be restructured to separate line and staff activities. As shown in the organization chart to the right, four of the current seven bureaus should report to the director as staff functions. They would include Administration, Information and Education, Fisheries and Wildlife. All research biologists would be reassigned to the latter two bureaus.

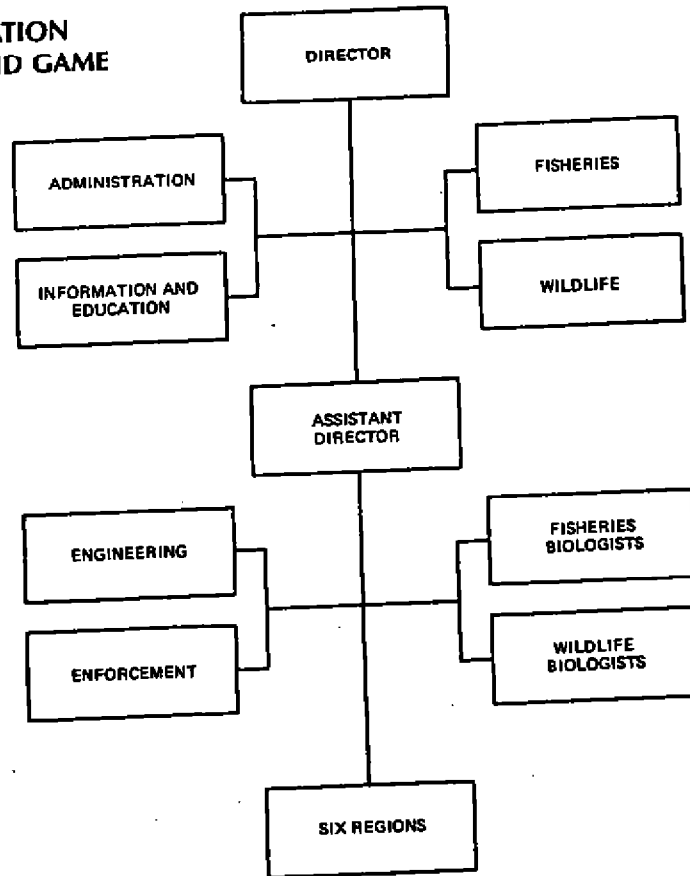
The assistant director would continue to be responsible for the regional offices. This individual would also supervise four staff functions consisting of the current Engineering and Enforcement Bureaus plus the field biologists working in Fisheries and Wildlife. The Program Coordination Bureau could then be eliminated. Implementation would reduce staffing requirements by one position for an annual saving of \$26,600.

129. Bill license vendors monthly.

The department has 581 license vendors throughout the state. Supplies are given to these individuals on consignment, usually in books of 10. They are required to submit receipts by the 15th day following the month in which the last license is sold from a book. As of April 3, there were still 89 accounts open for the 1978 license year due to delays in forwarding receipts.

To correct this situation, the department should utilize the monthly status report now sent to vendors as a means of billing them for the licenses they have ordered. Improved cash flow should generate an additional annual income of approximately \$50,100 in increased interest earnings.

**PROPOSED ORGANIZATION
DEPARTMENT OF FISH AND GAME**



130. Improve fleet management procedures.

The department has some 378 vehicles assigned for its use including 277 small trucks. A recent review indicates that some vehicles are underutilized. In addition, there appears to be a trend to replace two-wheel drive trucks with four-wheel drives without adequate cost evaluations.

Since four-wheel drive vehicles are substantially more expensive, the department should establish procedures to ensure that this option is only obtained when fully justified. Furthermore, steps should be taken to reduce the fleet size by 13 vehicles to improve overall utilization. Upon implementation of this proposal, the annual saving to be realized by the state is estimated at approximately \$5,700 based on current operating costs while the one-time income should amount to about \$11,700.

131. Formulate a land utilization program.

The department has approximately 120,000 acres of land under its control. While it is primarily utilized to provide recreation and help propagate wildlife, other beneficial uses are possible, primarily cattle grazing and farming.

A program should be implemented to monitor land resources to maximize opportunities for additional uses. This will increase revenues to support other department activities.

132. Increase rents for department housing.

In some areas, the department must provide housing for its employees because none exists. The rents are extremely low. To help defray maintenance expenditures, these charges should be increased to a level comparable to that set by the U.S. Forest Service for its housing facilities. The additional annual income is estimated at \$19,500.

Department of Parks and Recreation

The Department of Parks and Recreation was created by legislative action in 1972. It is responsible for administering all state-owned recreation areas.

Present Operations

The Director of Parks and Recreation is the department's chief administrative officer. Policies are established by a six-member, bi-partisan board appointed by the Governor for staggered six-year terms. There are approximately 112 full-time employees in this agency while its fiscal 1980 appropriation amounts to about \$8.4-million.

Organizationally, the department consists of the Bureau of Administrative Services, the Division of Parks and the Division of Recreation. Objectives include the development of a comprehensive outdoor recreation plan and preservation of the state's natural resources. During 1978, state parks had more than 2.1-million visitors.

Recommendations

The department is doing a creditable job in most areas although there appears to be an inordinate amount of supervisors assigned to planning functions within the Division of Recreation. In some instances, fees are outdated or nonexistent. Vehicle utilization also requires improvement.

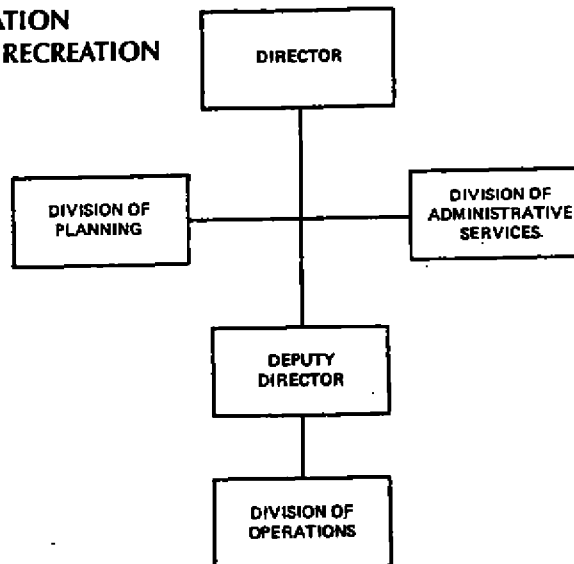
133. Reorganize and structure the Department of Parks and Recreation along functional lines.

Under the current organization structure, activities are carried out by two divisions — Parks and Recreation — with certain support functions provided by the Bureau of Administrative Services. This results in a good deal of functional duplication, particularly in the planning area.

To improve overall efficiency, the department should be restructured as shown in the chart to the right. Under this approach, all planning functions would be centralized into a single division reporting to the director. The Division of Administrative Services would also report to the director and would coordinate support functions for the department. Operational and field activities would be consolidated into a third division under the deputy.

Implementation would require the addition of two park planner positions to reduce outside consulting requirements. However, the elimination of two bureau chiefs and two administrators would result in a net annual saving of approximately \$73,200.

**PROPOSED ORGANIZATION
DEPARTMENT OF PARKS AND RECREATION**



134. Incorporate Lava Hot Springs Park into the department.

This park is administered by a three-member board and operates entirely outside the jurisdiction of the Department of Parks and Recreation. There is no reason for this facility to report differently than other parks and it should be incorporated within the department. Implementation will provide an annual saving of \$1,400 through elimination of the board.

135. Establish day-use charges at state parks.

Most parks charge an entrance fee to help fund recreational programs. However, users of Idaho facilities are not charged unless they stay overnight. During 1978, 89.7% of the visitors did not stay the night. Given the increasing cost of maintaining and improving recreational facilities, the Parks and Recreation Board should establish an entrance fee of \$1 per car or \$10 per year for residents. The net annual income is estimated at \$331,000 based on current use. There would be a one-time cost of about \$21,000 to construct collection booths.

136. Reduce the number of vehicles assigned to the south region.

Mileage records of vehicles assigned to the department's south region indicate a substantial underutilization. Some cars accumulated as few as 200 miles per year during 1978. Establishing a standard of 8,000 miles per year would result in elimination of 13 vehicles and reallocation of other surplus equipment to areas which can provide better utilization. The annual saving is estimated at \$12,200 for maintenance and insurance expenses. There would also be a one-time cost avoidance of \$26,200 by reducing the number of vehicles scheduled for replacement in fiscal 1980 from nine to three.

137. Increase residential rents.

Key personnel are provided with housing at the various state parks. However, rents for these residential units are extremely low even in comparison with other government housing charges. To help offset growing maintenance costs, the average monthly rent of \$50 should be increased to \$100. The annual income would amount to an additional \$13,100.

Department of Lands

The department was established in 1895 to manage more than 3.6-million acres of land granted to the state by the federal government. Its primary objective is to maximize the income generated from these endowment properties in ways consistent with their protection and revitalization.

Present Operations

The State Board of Land Commissioners was established by Idaho's constitution to provide governance for the department. Members include the Governor, Secretary of State, State Auditor, Attorney General and Superintendent of Public Instruction. The board is empowered to appoint a Director of Lands to handle day-to-day supervision of department activities. Income from state lands under the department's control is placed in the State Endowment Fund which is used for education expenditures.

At present, the department administers approximately 54,000 acres of cropland and more than 2-million acres of grazing land, including some 600,000 acres of commercial forests. Organizationally, it consists of three divisions: Forest Resources, Lands and Range and Earth Resources. Authorized staff number 233 positions while the fiscal 1980 appropriation is about \$11-million.

Recommendations

The department has been reasonably successful in managing the lands under its control. However, there appears to be a need to increase timber cutting and to trade certain properties to obtain more manageable blocks. Improvements are also possible in the overall organization structure and the department's vehicle management practices.

138. Restructure the Department of Lands.

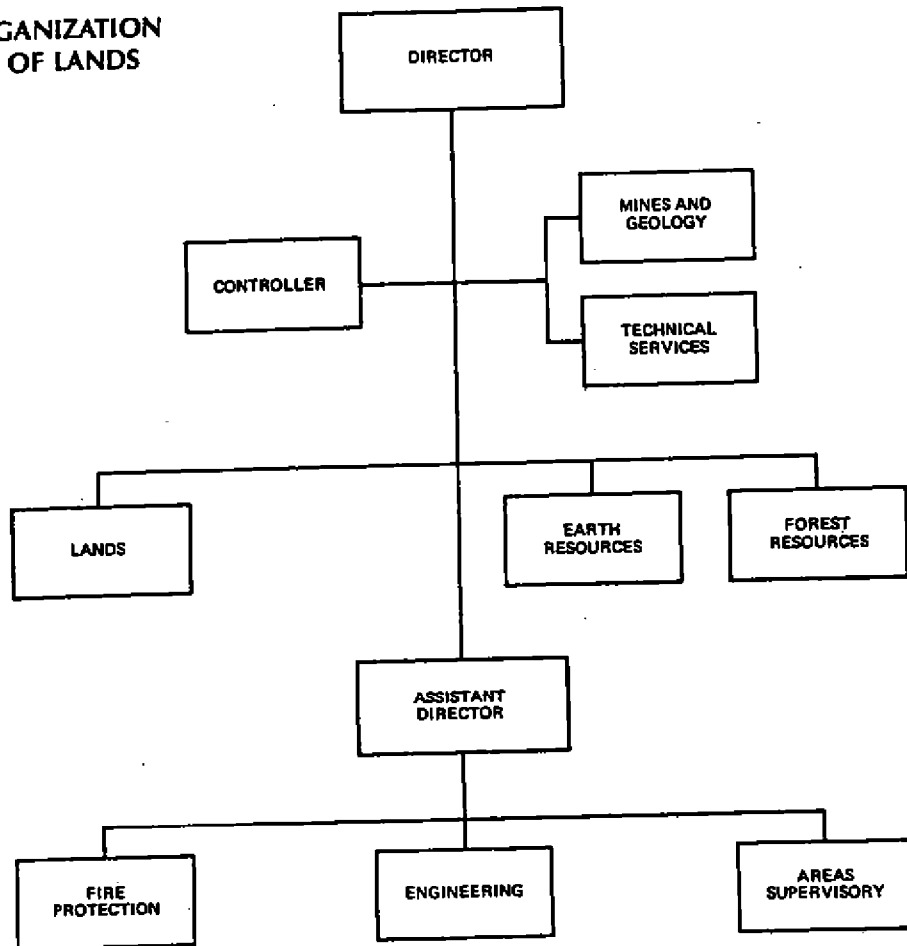
The Department of Lands is organized around the natural resources it is responsible for and consists of three divisions: Forest Resources, Lands and Range and Earth Resources. Each division has two to three bureaus to carry out various activities. There are also eight supervisory areas or field offices located throughout the state.

The major problem with this structure is that the supervisory areas share field responsibilities with the bureaus, but there is no clear line of responsibility. As a result, efforts are duplicated in some areas and the department has become overstaffed with mid-management personnel.

To improve overall efficiency, the department should be restructured as indicated by the chart shown to the right. Under this concept, the Director of Lands would supervise three staff areas and divisions. Administrative functions — Personnel, Purchasing and Accounting — would be placed under the Controller. Mines and Geology — currently a bureau in the Division of Earth Resources — would become a staff research section since it is located at the University of Idaho. The remaining support functions would be consolidated into a new unit, Technical Services.

The proposed divisions would provide the field offices with policy and procedural guidance as well as planning, research and leasing support. The Division of Lands would consist of two bureaus: Lands and Range Management. Bureaus within the Division of Earth Resources would include Navigable Waters and

**PROPOSED ORGANIZATION
DEPARTMENT OF LANDS**



Mineral Leases while the Division of Forest Resources would encompass Timber Management and Private Forestry.

All field activities would be placed under the department's assistant director. In addition to the eight supervisory areas, this would include Fire Protection, formerly within the Division of Forest Resources, and Engineering, also a field activity. Under this concept, the operational aspects of all department programs would be decentralized and made a responsibility of the area supervisors. Implementation would eliminate the need for six management positions including the deputy assistant director, resulting in an annual saving of \$189,500.

139. Increase timber sales.

The Division of Forest Resources harvested only 141-million board feet of timber in fiscal 1978, although the allowable limit was 157-million. Division personnel indicate that 200-million board feet could be sold annually without loss of long-term yield. This would also help improve the overall health of the forest lands by allowing more room for new growth.

The director should authorize a study to cover the various aspects of increasing the annual harvest to 200-million board feet. Implementation will require a staff addition of three foresters and a clerk plus four temporary support employees.

The projected net increase in revenue would amount to \$4.98-million. Supplemental benefits would be realized by the private sector in terms of increased employment opportunities, particularly in the utilization of now idle mill capacity in the state.

140. Evaluate vehicle records annually.

Vehicle records are kept in both division and area offices. As a result, there is no centralized control to monitor usage, maintenance costs and replacement needs. To ensure optimum return from vehicle expenditures, division and area offices should be required to provide annual summaries of vehicle utilization including mileage and maintenance costs. Data could then be evaluated by appropriate individuals in the department's main offices. Implementation would help highlight underutilized vehicles or those which are excessively expensive to maintain.

Department of Water Resources

This department administers the state's water laws and is responsible for controlling and encouraging the orderly use and development of its water resources.

Present Operations

An eight-member board is charged with the formulation and implementation of a state water plan. It also serves as a policymaking body to which decisions of the department's director may be appealed. The Director of Water Resources is appointed by the Governor for a term of four years with administrative activities delegated to a deputy. The authorized staff includes 99 full-time positions while the fiscal 1980 appropriation amounts to \$2.7-million.

Basically, there are three divisions in the department: Resources Administration, Resources Analysis and Management and Support. Resources Administration has two bureaus: Operations and Regional Offices. Resources Analysis also has two bureaus: Technical Services and Project Studies. Management and Support consists of three sections: Interstate Programs, Fiscal and Personnel.

Recommendations

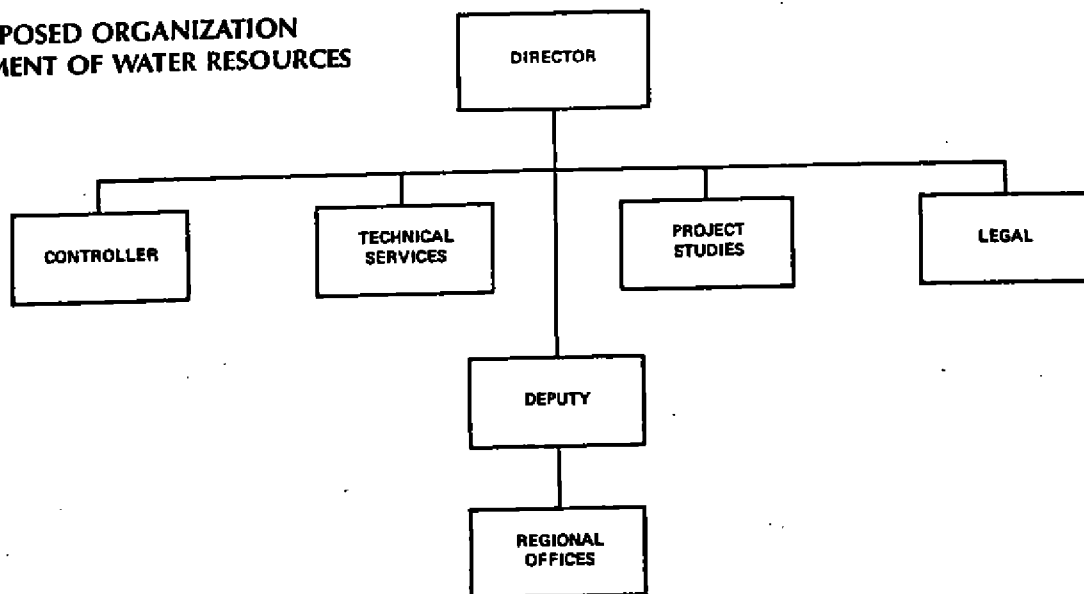
The department is staffed with a large group of highly trained technical personnel. However, there appears to be an excessive number of managers in the current organization.

141. Reorganize the Department of Water Resources.

The current structure contains unnecessary levels of management which were created to attract specific types of technical expertise. Organizationally, it consists of two operating divisions and an administrative area — Management and Support. Based on their 1980 goals, the two bureaus in the Resources Administration Division have similar responsibilities. The bureaus in Resources Analysis — Technical Services and Project Studies — both provide technical expertise, but in separate areas. In addition, the present management structure includes the director, a deputy, two division administrators and four bureau chiefs. This is clearly excessive in comparison to most industry operations.

To clarify areas of responsibility, the department should be restructured as illustrated by the chart at right. Under this concept, a new position of Controller

**PROPOSED ORGANIZATION
DEPARTMENT OF WATER RESOURCES**



would be established to head the administrative activities now under the Management and Support Division. Technical Services and Project Studies would become independent staff units reporting to the director. The department attorney would also be retained in a staff capacity. However, the Resources Administration Division would be abolished. Finally, the Operations and Regional Office Bureaus would be combined, reporting to the department's deputy as Regional Offices. This would eliminate the need for both bureau chiefs and the division administrator. The net annual saving, after subtracting the cost of the proposed Controller's position, would amount to \$118,200.

142. Revise staffing levels in the Economics Section.

While water research and planning are an important consideration in the state, it appears that the Economics Section in the Management and Support Division partially duplicates work performed by the Department of Employment and the state universities. At present, it has a staff of six to develop feasibility studies on proposed water resource projects. By using available data from the Department of Employment and the university, it should be possible to reduce the staff to three positions for an annual saving of \$72,200.

Transportation Department

This department is responsible for approximately 5,000 miles of roads in the state as well as certain air and rail transportation functions. It also has governance over highway safety activities.

Present Operations

The department is headed by a bi-partisan board whose three members are appointed from districts designated by the Legislature and who serve on a part-time basis. The board appoints a Director of Transportation to handle daily

administration of department activities. The fiscal 1980 appropriation amounts to more than \$130-million including \$67-million in federal and \$2.8-million in local monies. The staff includes some 1,500 full-time employees. Organizationally, the department consists of:

- ☐ Director's Staff: Supervises the legal, internal audit and operations' analysis personnel.
- ☐ Division of Highways: Responsible for state highway operations and district activities.
- ☐ Aeronautics and Public Transportation: Duties include development of a statewide aviation system and improved public transportation facilities.
- ☐ Management and Planning: Develops the department's management information systems as well as inventories of local road conditions.
- ☐ Administration: Responsible for budgeting, accounting, purchasing and various support activities.
- ☐ Inter/Intra Department Services: Provides goods and services to other state agencies as required.

Recommendations

Overall, the department is fulfilling its mandate effectively. However, major recommendations have been prepared to change the emphasis in the areas of project planning and utilization of data processing resources. In addition, insufficient information is available to inventory properties under the department's control. This makes it difficult to identify appropriate utilization or disposition.

143. Improve evaluation techniques for proposed projects.

A potential construction project may be recommended for investigation by a number of sources ranging from the district offices to the Transportation Board. However, at present planning and operating levels, the department has a project backlog of approximately 10 years and it is doubtful that most of these will ever be completed. Thus, the majority of investigatory work done to place new undertakings into the backlog is clearly nonproductive.

To remedy this situation, the Administrator of Highways and the Chief of Highway Development should establish a more efficient system to evaluate, authorize and set priorities for potential projects. Under this approach, districts would be provided with funding and technical guidelines for suggesting new work and a review of potential projects would be made to determine their importance as well as estimated funding and staff requirements.

Preliminary studies related to proposed projects would only be authorized in a six-year planning cycle if funding and other resources would be available within that period to cover implementation. The anticipated reduction in investigatory work would eliminate the need for 41 department positions for an annual saving of \$807,200.

144. Upgrade the department's data processing operations.

The present data processing operation is the result of many years of uncontrolled growth, resulting in duplicative systems and inefficient use of overall resources.

This is particularly true with respect to existing financial applications. In addition, the maintenance required for older programs is excessive, limiting the department's ability to develop new systems. Although work is underway on three major applications, no one individual in the current operation has sufficient expertise or authority to properly control their development.

To remedy this and ensure cost-effective data processing resources, the following steps should be taken:

- ☐ Obtain a qualified data processing administrator to assume complete responsibility for department systems, operations and equipment. This individual should work with a technical steering committee to identify existing needs and resources.
- ☐ Formulate and develop an effective plan to implement the new systems now under development either by adding staff or contracting for outside programmer services.
- ☐ Determine if equipment upgrades will be necessary once better applications are available.
- ☐ Coordinate all consulting contracts to ensure that proper phase-in periods are provided.

Implementation would enable the department to develop its data processing activity into a viable, efficient organization. By completing the systems work now in progress on a more timely basis, the department should be able to control overall personnel and equipment costs for a substantial annual saving. However, no specific benefit is being claimed.

145. Inventory the department's real property assets.

The department does not have a current inventory of the property under its control. Thus, it has no way of determining surplus assets not required for operational purposes which could be sold to generate income. Therefore, the department should initiate a high priority program to have field personnel inventory property holdings during slack periods so that surplus can be returned to the tax rolls.

146. Transfer two analysts to the Personnel Commission.

The department employs two classification analysts to handle certain personnel functions. However, their work must eventually be reviewed by the Personnel Commission. To improve the overall effectiveness of this activity, both analysts should be transferred to that commission.

Division of Highways

This division plans, designs and manages construction or maintenance projects related to state highways for the Transportation Department. The administrator is the chief operating officer in the division which employs the equivalent of 1,370 full-time people. The fiscal 1980 appropriation amounts to almost \$44.3-

million. The division is also responsible for administering an additional sum of \$75-million which has been allocated to right-of-way acquisitions and construction/maintenance contracts.

The division is organized into the Bureau of Highway Development, the Bureau of Highway Operations and six district offices. Highway Development is responsible for environmental and corridor planning, roadway design, right-of-way activities as well as local road and bridge design functions. Highway Operations encompasses traffic, materials, maintenance, construction and operations management systems. Except for bridge design, each district office is responsible for the design, construction and maintenance work associated with the portion of the state's highway network within its designated area.

Recommendations

Although organized on a decentralized basis, the division suffers from overlapping responsibilities due to poor delegation of authority. In addition, little effort has been made to effectively control its inventory levels.

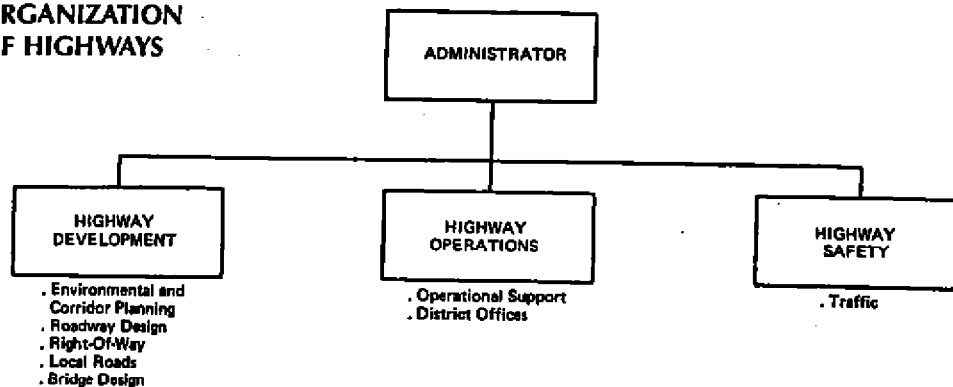
147. Restructure the division to eliminate duplications.

The Division of Highways consists of two bureaus, a staff function — Highway Safety — and six districts, all reporting to the administrator. One of the bureaus, Highway Development, encompasses five technical functions: environmental and corridor planning, roadway design, right-of-way, local roads and bridge design. Highway Operations, the other bureau, provides administrative support and supervisory capabilities in the areas of construction, maintenance, materials, traffic and management systems. However, the bureau chief has no direct supervisory relationship with the districts. In addition, each local office has its own staff to carry out construction, maintenance, materials and traffic functions. This overlap in responsibilities, combined with a lack of designated responsibilities, has created a cumbersome, inefficient organization.

In order to improve current operations, the division should be restructured as indicated by the organization chart illustrated below. As shown, Highway Development would retain its current responsibilities. However, Highway Operations would be reorganized to encompass two functional areas of operational support and district offices in order to eliminate current duplications.

Under this approach, all staff and policy activities would be consolidated as an "operational support" function to assist the district organizations. Central posi-

PROPOSED ORGANIZATION DIVISION OF HIGHWAYS



tions which duplicate those already in place in the field would be eliminated. In addition, Highway Safety would become a line unit responsible for traffic functions currently assigned to Highway Operations. Implementation would reduce staff requirements by a total of 15 positions in the construction, maintenance and traffic areas for an annual saving of \$256,500.

148. Set realistic inventories for the materials reserve program.

The Division of Highways has established a program to purchase a 20-year supply of source material sites during the next seven years. The estimated cost is about \$3.6-million. Since the Transportation Department has only marginal ability to project its requirements beyond five or six years, this program appears unwarranted. In addition, technological changes could impact substantially on the types of source materials used in road construction. The program should be limited to five-year levels and only instituted when specific projects demand opening a new source. The annual cost avoidance is estimated at \$150,000.

149. Phase out positions associated with implementation of the Highway Beautification Act.

Implementation of the Highway Beautification Act's provisions has essentially been completed in Idaho. To accomplish this, nine people in the Right-of-Way Section were assigned to the program. At the current level of activity, eight of these positions should be eliminated immediately and the ninth by 1980. The annual saving would amount to \$166,200.

Division of Aeronautics and Public Transportation

The mission of this division is to supervise aeronautical activities and public transportation modes within the state in order to encourage their development. It is headed by an administrator who supervises a staff of 15. The fiscal 1980 appropriation includes about \$916,000 for aeronautical programs and some \$800,000 for public transportation.

The division operates 31 airports in wilderness areas for recreational and emergency purposes. It also participates in a joint program with federal and municipal agencies to pay for the development of municipal airports. The federal government supplies 83% of the funding and the remainder is split between the state and municipalities.

Recommendations

Overall, this division operates efficiently although aircraft utilization is not cost-effective. In addition, its fee structure is outdated and no longer reflects the cost of providing services.

150. Improve utilization of aircraft resources.

According to the division's 1978 records, the rate of overall use made of the two planes designated as transportation for state employees was uneconomical in comparison to available commercial transportation. It is recognized that one of the aircraft is frequently used by the Governor and his staff. This plane is not pressurized and may not meet the best performance or safety criteria.

A study should be undertaken to determine the most effective approach to executive transportation. Because he is the chief executive officer of the state, major considerations would include optimum use of the Governor's time as well as his need for safe, readily available air transport to isolated areas. Possible alternatives to be evaluated on a cost/benefit basis should encompass lease, rental or ownership of a suitable aircraft for use by the Governor and other individuals as appropriate.

151. Revise division fees.

Governing legislation sets the fee for pilot registrations at \$2. This is not sufficient to cover processing costs. In addition, a \$100 ceiling is placed on aircraft fees. To provide more adequate returns, the schedule should be revised to eliminate the \$100 limit on aircraft and to raise the pilot's registration fee to \$6. The additional annual income to be realized by the state is estimated at approximately \$20,000.

Bureau of Management and Planning

The Bureau of Management and Planning is responsible for gathering and interpreting data on the state's transportation systems. Among its many activities, the bureau recommends new construction when needed and coordinates activities with local, state and federal planning agencies.

The Chief of Management and Planning supervises a staff of 93 and has a fiscal 1980 appropriation for bureau operations of almost \$3.8-million. Organizationally, the bureau consists of the following sections:

- ☐ Planning: Maintains a current inventory of the physical status of approximately 5,000 miles of state highways. Data are used to prepare a six-year schedule for construction.
- ☐ Resource Planning: Schedules construction projects under the six-year program and analyzes forecasts of available funds.
- ☐ Data Processing: Operates and maintains the department's data processing system. Currently, this consists of a central processing unit, six district mini-computers and various on-line terminals in the main office.
- ☐ Research: Conducts research studies related to state and federal transportation activities.

Recommendation

The management information systems used by the Planning Section provide substantial amounts of technical data. However, a good deal of this information is not used because of a lack of funding for related projects.

152. Cancel additional highway testing activities.

The department has ordered an additional piece of highway equipment which will be used to supplement the machine it now has for analyzing pavement stability. Each is capable of testing 1,000 miles of highway on an annual basis. The usefulness of such large amounts of data is questionable since the resources for evaluating such information are limited.

By establishing appropriate testing priorities, the department could cancel plans for acquiring the new equipment and hiring qualified operators. The one-time cost avoidance would be \$22,100 while the annual benefit would be \$40,500.

Bureau of Administration

The Bureau of Administration provides various support functions for the Transportation Department. These include personnel administration, procurement services, public information, clerical support and affirmative action programs.

The bureau is headed by a chief who supervises a staff of 86. The fiscal 1980 appropriation amounts to approximately \$2.6-million. Organizationally, the bureau includes the following sections: Personnel, Financial Control, Public Information, General Services and Procurement and Materials Management. There is also a coordinator to handle civil rights and affirmative action functions for the bureau.

Recommendations

The bureau performs satisfactorily in the areas of personnel administration and public information. However, improvements are needed in the Procurement and Materials Management Section. In addition, custodial costs incurred through the General Services Section appear excessive.

153. Realign staff responsibilities in the Procurement and Materials Management Section.

This section coordinates the department's procurement and warehousing activities. The manager is personally involved in processing paperwork related to both the central warehouse and district operations. He also supervises the computerized inventory system. The purchasing officer functions as the manager's assistant in these areas and is also involved in the receipt and distribution of materials. Because of these many activities, certain functions vital to department efficiency are being neglected.

To remedy this situation, the manager should limit himself to overall direction of material and supply functions including implementation of an effective computerized inventory system. This would involve delegating all routine paperwork to appropriate individuals. The purchasing officer's functions should be restricted to the procurement activities prescribed by state code and department regulations. This individual would then be responsible for the flow of paper to and from the districts, Division of Purchasing, State Auditor and the Financial Control Section in the Transportation Department.

Implementation will permit the manager to devote more time to the development of the accounts payable portion of the proposed financial control system. In addition, more management emphasis on inventory analysis could result in substantial reductions in the department's current \$2-million to \$3-million materials inventory.

154. Eliminate the central warehouse.

The central warehouse was established to store items commonly used by the Transportation Department's districts. However, most commodities are routinely

shipped direct. As a result, the current inventory at this facility duplicates many items kept at the district warehouses.

Closing it and assigning some functions to the local district would in no way adversely affect department operations. Elimination of the central warehouse would provide an annual saving of \$58,700 based on current costs and reduce current inventories by \$200,000 to \$300,000.

155. Contract for custodial and grounds maintenance services.

The equivalent of 18 full-time employees are utilized by the General Services Section to provide custodial and grounds maintenance services. They are responsible for some 116,000 square feet of space. Based on recent cost comparisons, the department should eliminate this internal function and contract for necessary services. The annual saving to be realized would amount to approximately \$111,000.

Department of Corrections

The Department of Corrections is responsible for the custody, care and rehabilitation of convicted criminals who have been sentenced to the state prison.

Present Operations

The department operates under the guidance of a Board of Corrections. Its three members are appointed by the Governor, subject to Senate confirmation. The board appoints the Director of Corrections as well as a five-member commission for Pardons and Paroles. The fiscal 1980 appropriation amounts to almost \$7.8-million while total staff consists of 306 positions.

In 1978, the department received 718 inmates and processed 684 releases. The total prison population is 832 including the minimum security facility at Cottonwood. Some 7,500 paroles and probations were also handled during 1978.

Recommendations

New department management has made substantial progress in creating an efficient operation although expanded prison facilities must eventually be provided to relieve currently overcrowded conditions. Certain changes in regard to the prison industries program and farm operations as well as work release activities would benefit the department.

156. Expand the work release program.

The population at the state prison is increasing at an annual rate of 6%, enough to require the construction of new cell blocks every two years at an estimated biennial cost of \$4.7-million. Even if this were done, the state prison would remain overcrowded.

A solution under study by the Board of Corrections is to establish community-based work release programs, a concept now used in a third of the country's prisons. If this approach is adopted, centers could be established in each of the state's seven judicial districts to serve a combined total of 350 persons.

Each of the facilities would be supervised by correctional officers and counselors. Inmates would work in the community and live at the center. Their

incomes would be managed by the department to provide support for their families, restitution to victims and payment of center expenses.

Nationwide statistics including a recent study by Ohio State University indicate that recidivism among former "halfway house" residents is lower than rates for offenders released directly from penal institutions. Based on current costs of confinement per inmate, implementation of a seven-center work release program would provide a net annual saving of \$324,600 if each facility could accommodate 30 persons.

157. Transfer responsibility for prison farm operations.

All prison industry programs are required to be self-supporting. However, the farm operations are not included in the Industries Division. Instead, these activities have been placed within the Management Services Division where they receive state subsidies.

Steps should be taken to transfer the farm operations to the Industries Division so that they can be placed on a self-supporting basis. The annual saving is estimated at \$130,000.

158. Sell surplus milk to other state institutions.

The prison dairy operation now sells its surplus milk to a dairymen's cooperative. However, the price is substantially lower than that paid by other state institutions when they purchase milk supplies. Therefore, the Department of Corrections could increase its annual revenues by selling milk surpluses to these facilities. A one-time expenditure of \$27,000 would be required for packaging equipment, but the additional annual income is estimated at \$61,200.

159. Eliminate the Industries Commission.

Under governing legislation, the state's prison industries program is supervised by an Industries Commission. The members are the same people who serve on the Board of Corrections. Such organizational redundancy is inefficient and the Correctional Industries Act should be amended to eliminate this commission.

160. Create an Industrial Advisory Board to help improve the state's prison industry program.

Members of the Board of Corrections are not necessarily familiar with the operation of industrial enterprises. Areas such as marketing, equipment acquisitions, profit margins and the like require technical experience. Creation of an advisory board composed of volunteers from the private sector could help substantially in board efforts to improve the profitability of the state's prison industries program.

Department of Law Enforcement

The Department of Law Enforcement was established as a section of the State Constabulary in 1919. Legislation creating the current organization was enacted in 1933 although the structure was substantially revised in 1974 to consolidate various law enforcement and regulatory functions.

Present Operations

The department is administered by the Director of Law Enforcement who is appointed by the Governor and serves at his pleasure. Specific duties are assigned by the Legislature although additional responsibilities may be designated by the Governor. The director has complete authority to enforce all penal and regulatory laws of the state.

Currently, the department functions with a staff of 589 full-time employees and a fiscal 1980 appropriation of almost \$14.3-million. Organizationally, it consists of six divisions: Administrative Services, Police Services, State Police, Motor Vehicle, Weigh Station and Legal.

Recommendation

The department has made considerable progress in the past few years in its development as a professional law enforcement agency. However, the current span of control is too broad for effective management of the various activities within the organization.

161. Reduce the current span of control.

A total of 13 supervisors plus various boards and administrative personnel report to the Director of Law Enforcement. This is too great a span of control for effective management and should be reduced. To accomplish this, the Controller should assume responsibility for supervising the various sections within Administrative Services. In addition, three divisions — Police Services, State Police and Weigh Station — would report to the Superintendent of State Police. The Motor Vehicle Division would remain intact, but Legal would become a staff activity along with Information and Grant Administration. This would reduce the major operating areas to three to improve overall efficiency, management control and communications.

Administrative Services Division

The Administrative Services Division is responsible for a number of support activities required by the department. These include fiscal and accounting, procurement, data processing, personnel and training functions. It is headed by an administrator who supervises a staff of about 20 full-time employees. The fiscal 1980 appropriation amounts to almost \$559,000 excluding monies required for data processing and training activities.

The division's Data Processing Section has 13 employees and a fiscal 1980 appropriation of \$434,500. It is responsible for providing accurate technical methods for the processing of various motor vehicle and law enforcement records. The Training Section was created in 1978 to provide specialized instruction for officers in various divisions. It is being funded by a three-year phase-in grant from the Law Enforcement Planning Commission.

During the start-up period, operational expenses other than salaries are funded on a 90% federal, 10% state basis. Personnel costs are also federally funded, but on a sliding scale of 75% the first year, 50% the second and 25% the third.

Recommendations

Certain procedural changes are needed to improve the overall efficiency of this division. Areas requiring attention include non-job related training, vehicle management reports and central supply inventory records.

162. Restrict training to job-related instruction.

The Training Section was established to provide specialized instruction to department personnel in job-related areas. However, certain programs have been offered which do not relate to department responsibilities. The expense associated with these activities during the normal work day are unwarranted. If such instruction is continued, it should be offered on a volunteer basis after regular working hours.

163. Provide management reports on vehicle usage.

Except for records maintained on cars assigned to the State Police Division, no reports are prepared to track utilization of department vehicles. Such data are essential for appropriate control of this resource. The automated record systems used by either the Transportation Department or the Department of Fish and Game could be modified to meet this need.

164. Automate the central inventory records.

The department's central supply area has an inventory of some 3,000 items valued at approximately \$500,000. All related records are maintained manually, resulting in untimely data and inaccuracies. To improve overall control, these records should be automated, utilizing a system already available in the Transportation Department.

Police Services Division

This division provides identification and investigation services for the department. It is headed by an Administrator of Police Services and has a total staff of 40. The fiscal 1980 appropriation for the Police Services Division amounts to approximately \$2.5-million.

Organizationally, the division includes three bureaus: Criminal Identification, Investigation and Medicaid Fraud. The Criminal Identification Bureau functions as an information center for all law enforcement agencies in the state. The Investigations Bureau cooperates in a concerted effort to enforce the liquor, beer and wine penal code throughout the state. It also conducts general criminal investigations and provides polygraph examinations. The Medicaid Fraud Bureau is responsible for specialized investigations and receives 90% of its funding from the federal government.

Recommendation

In general, the division is fulfilling its responsibilities effectively. However, certain enforcement activities appear unduly restrictive.

165. Revise selected provisions of the liquor code.

Under current state laws, bartenders must have a permit which cannot be issued to persons with felony convictions. Enforcement is a responsibility of the Investigations Bureau. In addition, prices of all alcoholic beverages must be filed monthly with the bureau which must also review all liquor advertising and promotional materials. These regulations were enacted in the early 1900s and their enforcement does not represent a productive use of bureau investigative resources. All three provisions should be repealed.

State Police Division

The State Police Division is responsible for maintaining an efficient movement of traffic and enforcing related laws in the state. Services are provided through six districts which employ about 70% of the total work force. The balance operate from their homes or local sheriffs' offices in smaller communities.

Administrative personnel for the division consist of the Superintendent of State Police, a major, three captains, a lieutenant, an administrative assistant and three clerical workers. Members of the command staff include six lieutenants and 18 sergeants. Remaining field personnel encompass 177 corporals and troopers as well as six clerical workers. The division's appropriation for fiscal 1980 amounts to almost \$5-million.

Recommendations

This division is effectively managed and well able to carry out its responsibilities. However, some improvements could be made in regard to fleet replacements and maintenance.

166. Develop a planned maintenance program.

The State Police Division has a fleet of 177 cars. However, there is no regular maintenance program for these vehicles. The bulk of the work is done at local service stations or by auto dealers at the discretion of the driver.

A program should be developed to ensure regular maintenance of division cars with consideration given to using the strategically located facilities operated by the Transportation Department. Regular reports should be provided on each car to establish an accurate basis for a preventive maintenance and vehicle replacement program.

167. Replace division vehicles more often.

Division patrol cars are normally not replaced until mileage exceeds 75,000. Compared to replacement policies in other state police organizations, this approach is more costly and represents an occupational hazard to the drivers. A study of other states' policies should be undertaken as a basis for appropriate revision of the replacement program in Idaho.

Motor Vehicle Division

Division personnel maintain records of operators' licenses, vehicle registrations and titles required by state law, issuing these documents in cooperation with 44 county assessors and sheriffs. They also collect taxes from commercial users of state highways and correlate their activities with those of the State Police and Weigh Station Divisions. The unit is headed by a director who supervises 126 employees. The fiscal 1980 appropriation amounts to almost \$1.7-million. Organizationally, the division consists of the following:

- ☐ Motor Carrier Bureau: Registers commercial and farm vehicles over a certain weight which travel in Idaho.

- ☐ Driver Service Bureau: Processes motor vehicle accident reports and maintains records on license suspensions.
- ☐ Vehicle Title Section: Issues certificates of title for motor vehicles owned and operated by state residents.
- ☐ Vehicle Registration Section: Maintains central files of all registered vehicles including motorcycles, boats, house trailers and the like.
- ☐ Operators Licensing Section: Keeps centralized records on all licensed drivers in the state.

Recommendations

This division is performing as efficiently as possible given the lack of data processing capabilities to handle its enormous paperwork requirements. Fee schedules no longer reflect actual service costs and some staffing revisions are also necessary.

168. Simplify the fuel and mileage tax structure.

Tax rates for commercial carriers are based on 45 incremental weight levels and statements must be filed quarterly for each vehicle operating in the state. This creates an extraordinary amount of detailed information which must be entered, checked, extended, posted and audited by division personnel.

Reducing the number of gradations from 45 to nine would eliminate computational errors and provide substantial additional revenue. The increase in annual income is estimated at \$810,000 based on revenue estimates for fiscal 1979.

169. Update division fee schedules.

Charges for issuing motor vehicle titles have not been revised since 1949. A cost study should be undertaken to determine if the revenues generated are sufficient to cover operating costs. Fees for trailer licenses and renewals are definitely below processing expenditures and should be increased accordingly.

To help defray expenses, the current annual charge of \$2 should be raised to \$10 with license renewals required only every three years. The annual income would amount to \$48,000.

170. Computerize additional functions in the Motor Vehicle Division.

Paper handling is a major activity in the bureau and requires a substantial number of clerical personnel. Much of the present work load could be eliminated by computerizing existing manual activities.

Steps should be taken to automate those functions with the greatest potential for enhancing revenue collections or reducing clerical requirements. These would include:

- ☐ Mileage and fuel tax returns.
- ☐ Observation reports.
- ☐ Registrations for noncommercial vehicles and all vehicle titles.
- ☐ Fuel bonds.

The major benefit of computerizing these activities would be to improve the division's ability to audit carriers more closely and increase annual revenue collections. The one-time cost of implementation is estimated at \$625,800 while annual expenditures would amount to \$65,800. Although no specific claim has been made, these costs should be more than offset by potential income increases and operational savings.

171. Simplify the division's reporting structure.

The division is currently organized into two bureaus and three sections. This is an excessively complex reporting structure given the similarity of functions performed. To simplify reporting relationships and improve service coordination, the division should be restructured into three bureaus. All commercial vehicles would be handled by the Motor Carrier Bureau. Rehabilitation and safety functions would be consolidated within Driver Services while the Licensing Bureau would handle titles, registrations and drivers' licenses. No reductions in staff are anticipated.

172. Do not fill present vacancies.

A staff of four tax examiners is authorized within the Motor Carrier Bureau. They are responsible for auditing carrier records to ensure that mileage and weight reports are accurate. Evidence indicates that in-house checks performed by the division's bond clerk are more effective in identifying additional tax revenues due the state. A review of quarterly records from 1978 through the first three months of 1979 indicated that the clerk was responsible for 87% of the fund recoveries made.

At present, three of the tax examining positions are vacant. These should not be filled. The remaining staff member should be utilized to establish better in-house records. The annual cost avoidance is estimated at \$49,500.

Weigh Station Division

The Weigh Station Division enforces state laws which apply to commercial carriers operating trucks on public roads. The division's director supervises a staff of 85 persons who operate a central office, eight permanent weigh stations, six satellite facilities and seven mobile units. The fiscal 1980 appropriation for the division amounts to over \$1.6-million.

Personnel check trucks for proper weight and licensing at the stations, issue permits as required and collect highway user revenues in the form of registration fees, mileage and fuel taxes and permit charges. The annual income averages about \$2.3-million in fines and permit sales. Because of reciprocity agreements with other states, highway user fees are paid on the basis of miles traveled in Idaho compared to total mileage. Applicable taxes are also assessed on miles traveled in Idaho so that evidence of the carrier's route within the state is important. Documentation is provided by observation reports prepared at the weigh stations. These are later used in audits by the Motor Vehicle Division.

Recommendations

The division is handicapped in meeting its responsibilities by a lack of physical and personnel resources. Coverage of truck traffic is inadequate because of the

ability of local carriers to bypass permanent weigh stations. Despite the problems, Weigh Station Division employees are doing a good job of enforcement and revenue collection.

173. Establish an agreement with the State of Oregon as part of a stronger enforcement program.

There is no official port of entry in the southwest sector of Idaho. The absence of a control point in this area makes the state unable to collect highway use taxes from truck traffic eastbound from Oregon. This results in substantial losses of revenues to Idaho.

To enable the Weigh Station Division to uniformly enforce existing laws, the state should negotiate an agreement with Oregon to construct a facility at Farewell Bend to use as an official control point for truck traffic entering or leaving Idaho. Placement of controls in Oregon would greatly reduce opportunities for unmonitored truck traffic into Idaho. The one-time cost to Idaho is estimated at \$184,000. The net increase in annual income could amount to \$108,000 based on current revenues.

174. Implement the proposed weighing-in-motion program.

The present method of stationary truck weighing is time consuming and some vehicles must be allowed to pass without a check to avoid excessive traffic congestion. In addition, station officers are able to provide observation reports on only about 40% of all truck traffic because of current volumes which are expected to increase every year.

A test program is being conducted which would provide the division with weighing-in-motion equipment to collect and record data needed by the Transportation Department. Slight modifications would also produce the information required by the Motor Vehicle Division for its carrier audits.

Steps should be taken to procure this equipment as rapidly as possible. Benefits would include faster, more accurate truck checks as well as the capability to monitor nearly 100% of existing commercial traffic. The one-time cost is estimated at \$520,000. Returns from additional tax collections should more than offset this expense although no specific amount can be estimated.

175. Replace certain positions with clerical personnel.

A number of clerical functions such as issuing permits, collecting taxes or fees and recording traffic patterns are being performed by division patrol officers. Because of salary differences, it would be more cost-effective to replace some of these positions with clerical employees to ensure appropriate utilization of personnel resources. The proposed restaffing of 24 posts with 36 clerical positions would provide a net annual saving of \$9,000.

State Board of Education

The board is responsible for all primary, secondary and higher public education activities in the state. It has eight members, seven appointed by the Governor and the elected State Superintendent of Public Instruction.

Present Operations

Employees under the jurisdiction of the state board include approximately 4,000 agency and university positions as well as some 16,000 school district and junior college posts. The fiscal 1980 appropriation for public education in Idaho amounts to nearly \$391-million. The following are among the major organizational elements receiving guidance from the board:

- ☐ Department of Education: Carries out policies established for the state's public elementary and secondary schools. It also supports local districts with regulatory leadership and various support functions.
- ☐ Vocational Education: Implements procedures to ensure a well-coordinated system of vocational education resources consistent with labor market demands and student needs.
- ☐ School for the Deaf and Blind: Provides educational programs for persons up to the age of 21 who have serious sight or hearing impairments which prevent them from attending available public schools.
- ☐ Vocational Rehabilitation: Helps persons overcome physical, mental or emotional disabilities which pose barriers to employment.
- ☐ Disability Determinations Unit: Attempts to determine the medical and vocational eligibility of applicants for various benefit programs and refers individuals to appropriate rehabilitation service agencies.
- ☐ Historical Society: Collects, preserves and displays items and properties of historical interest for the education and enjoyment of the state's citizens.
- ☐ State Library: Provides a system of library services through the administration of state and federal grant programs and maintains specialized facilities for the use by individuals with unique information needs.

The board also has governance responsibilities in regard to the state's institutions of higher education.

Recommendations

The board is doing a commendable job in meeting its responsibilities. Some organizational improvements are possible in certain program and support areas.

176. Establish a Division of Management Services in the Department of Education.

At present, there is no effective coordination of secretarial, clerical and other support services in the department. Each section determines its own requirements and there are no overall standards to measure efficiency or employee productivity. Areas which would benefit from improved coordination include personnel utilization, travel arrangements, mail handling, printing and general office procedures.

To remedy this situation, a Division of Management Services should be established under an associate superintendent who would report to the Deputy Superintendent of Public Instruction. Personnel would be reassigned as required from existing positions. The division would be responsible for providing necessary clerical and secretarial personnel to handle word processing, travel and printing activities. It would also establish necessary office procedures. Duties of the proposed Management Services Administrator would include:

- ☐ Plan, coordinate and evaluate division activities.
- ☐ Establish performance standards and measurement tools.
- ☐ Determine requirements for classified personnel.
- ☐ Obtain special service and/or temporary employees as needed.
- ☐ Allocate personnel resources.
- ☐ Establish priorities for support service requests.
- ☐ Implement centralized mail and reception services.
- ☐ Set up an efficient word processing function in a single location.
- ☐ Formulate a records retention policy including conversion of historical documents to microfilm where appropriate.
- ☐ Identify appropriate equipment to satisfy word processing and dictation requirements.
- ☐ Provide adequate storage for audiovisual and other materials.

Implementation of this proposal would reduce current functional overlaps and ensure more effective allocation of work. It will also enable the department to measure and evaluate the efficiency of its support activities. Potential savings through reductions in clerical and secretarial positions would more than offset the cost of the proposed administrative position.

177. Use cooperative arrangements to eliminate program duplications.

In some areas, the same vocational education programs are being offered in two or more locations. Problems result when the school districts have inadequate student or financial bases for these activities. Considering the expensive facilities and skilled instructors which must be used in certain industrial and trade courses, duplicated programs should be consolidated whenever feasible. The Vocational Education Division could do this by developing cooperative arrangements between appropriate school districts.

178. Improve the basis for determining financial need.

Information now required to determine financial need is based solely on current income. No attempt is made to determine net worth as part of the criteria for establishing eligibility for financial assistance programs. Therefore, vocational rehabilitation forms should be revised to show total liabilities and net worth of applicants.

179. Consolidate the State Board of Education's Disability Determinations Unit and Vocational Rehabilitation.

These two units perform functions which are so closely related, it appears some activities are being duplicated. They are already housed in the same building as its sole occupants and could be easily consolidated under a single administrator. Implementation would reduce supervisory costs and result in an annual saving of approximately \$33,600.

180. Provide a detailed analysis of current library staffing and service levels.

Funding limitations may curtail the ability of the State Library to provide services at current levels. To prepare for this situation, a detailed analysis should be developed to evaluate present services on a priority basis. Data should also include staffing requirements for the continuation and expansion of existing services. This information should be provided to the Legislature and possible service cutbacks should be identified by type and level of funding.

Department of Health and Welfare

The department is responsible for the betterment and protection of the life, health and environment of the people of Idaho. It provides a broad range of services and programs to achieve these goals.

Present Operations

Operating procedures, program priorities and budget allocations are the responsibility of the department's executive staff which includes the Director of Health and Welfare, a deputy, seven division administrators and seven regional directors. Approximately 3,000 persons are employed by the department. A bipartisan, seven-member Board of Health and Welfare is appointed by the Governor and approved by the Senate to act as a rulemaking body for the department and an advisor to the director. The department's fiscal 1980 appropriation amounts to over \$172-million.

Organizationally, the department consists of seven administrative divisions, seven regional organizations for the delivery of human services and three regional environmental service units. The department also oversees the administration of four state institutions. The seven divisions include:

- ☐ **Environment:** Administers programs to enhance the state's air and water resources and protect the general public from environmental and food health hazards.
- ☐ **Health:** Supplies a variety of preventive health services in cooperation with district health departments and works directly with private health care agencies to ensure the availability of adequate services.
- ☐ **Management Services:** Responsible for the development of a comprehensive departmentwide plan dealing with the areas of management goals and program measurement.
- ☐ **Veterans' Affairs:** Provides care and extends financial assistance to eligible veterans and their dependents.
- ☐ **Welfare:** Develops guidelines and regulations for the effective delivery of financial and medical assistance payments as well as various social services. This division also houses the State Office of Economic Opportunity and coordinates the delivery of its programs.
- ☐ **Community Rehabilitation:** Plans and coordinates programs in the areas of alcohol or substance abuse, adult and juvenile disabilities and mental health. This division also supervises the state's four institutional facilities.

- Internal Control: Provides administrative support services to the operating units within the department. Functions include personnel, data management, finance and budget, auditing and legal counsel.

The department's deputy director coordinates the human services delivery programs administered through the seven regional offices while the three environmental service regions report to the Division of Environment. Idaho also has seven health districts to provide services at the local level. Each is administered by a district board and is independent of the Department of Health and Welfare or any other state agency.

Recommendations

The department is doing a good job of delivering needed services to its clients. However, from a management standpoint, the organization suffers from overstaffing, operational inefficiencies and conflicting priorities. In addition, budgeting procedures do not accurately reflect personnel requirements or capital expenditures. Although the need for timely, substantive management data has been recognized, the development of an aggressive plan to meet requirements has been slow. The department's new Bureau of Management Information Systems will require concentrated long- and short-term executive support if meaningful progress is to be achieved. The independent status of the local districts results in inefficient service delivery and duplicative program efforts.

181. Consolidate the human services regions.

The department operates seven regional offices to supervise the human services programs available to Idaho's citizens. The current numbers of regions constitutes an excessive level of administrative personnel and program supervisors based on current work loads.

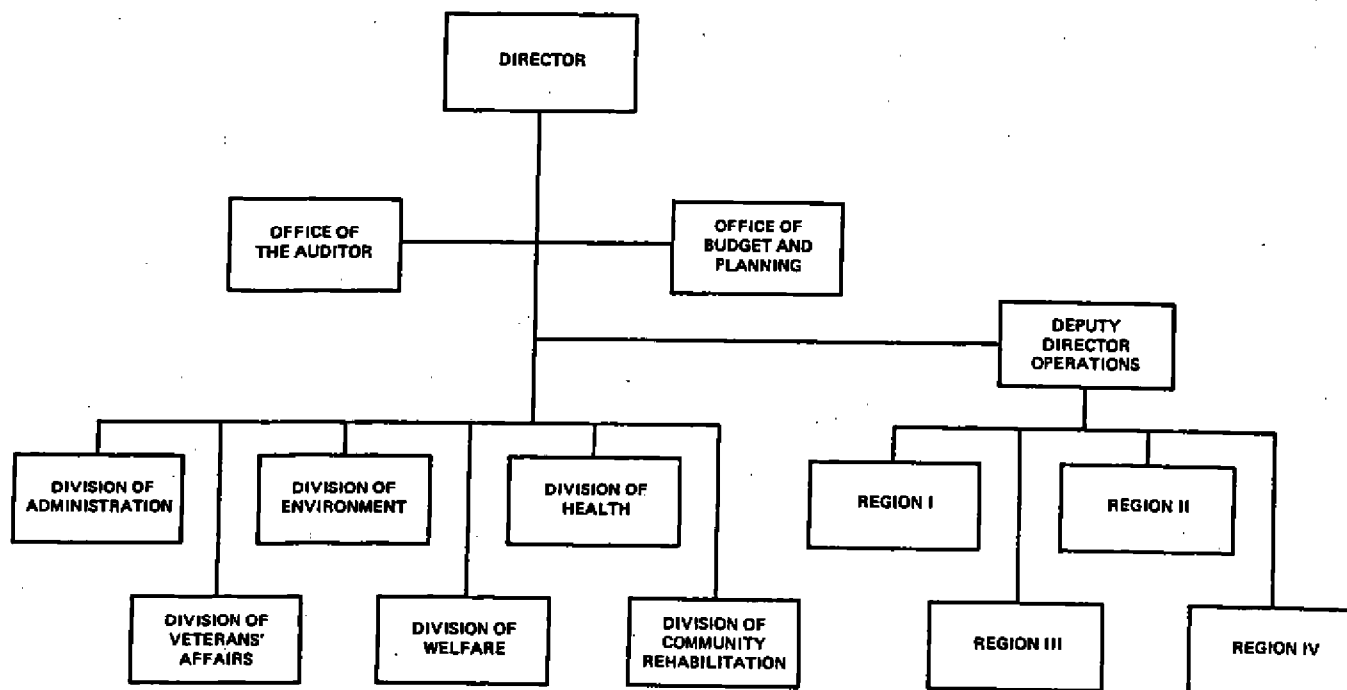
To improve overall cost-effectiveness, the Governor, in consultation with the Board of Health and Welfare, should designate four administrative locations for the department. The department would then be responsible for developing a consolidation plan to ensure optimum efficiency in the areas of service delivery, program management and utilization of personnel and operational resources. There would be no reduction in the level of client services and all existing centers and field offices would remain in operation. Implementation of this proposal is expected to provide the state with an annual saving of \$587,800 based on current costs.

182. Reorganize the department.

The current organization structure consists of seven administrative divisions: Environment, Health, Veterans' Affairs, Welfare, Community Rehabilitation, Management Services and Internal Control. It also encompasses seven regional offices for the delivery of human services and three regional operations involved with environmental programs. As currently constituted, department operations are characterized by fragmentation of program planning, duplications of effort between the Divisions of Management Services and Internal Control and poorly defined lines of authority.

Other recommendations have been made to consolidate certain operational areas, primarily the seven regional offices. However, a more comprehensive restructuring is needed to improve overall management control and establish appropriate areas of responsibility. The proposed organization is illustrated by the chart shown on the following page.

PROPOSED ORGANIZATION DEPARTMENT OF HEALTH AND WELFARE



Under this approach, a new Office of the Auditor would be established to report to the Director of Health and Welfare. This unit would be responsible for both internal and external audits required by the department, contract reviews and monitoring of collection activities. Existing personnel in the department's Bureau of Audit within the Division of Internal Control would be utilized to staff the proposed unit.

A second office — Budget and Planning — would also report to the director. It would have four primary responsibilities: financial management, program analysis, development of management information systems and statistical analyses and research related to specific programs. This office would be formed from elements currently within the Divisions of Internal Control and Management Services, both of which would be eliminated. The research and statistics function in the Division of Welfare would also be transferred to this office.

Five of the existing administrative divisions would be retained in the new organization: Environment, Health, Veterans' Affairs, Welfare and Community Rehabilitation. They would all report to the director along with a sixth division: Administration. This new unit would provide centralized administrative services for the department. It would absorb various functions within Management Services and Internal Control not assigned to either of the two proposed offices. Regional Operations would report to the department's deputy. This position would be responsible for supervising and coordinating all regional activities. In addition to clarifying lines of authority, implementation of the proposed structure will provide the state with a net annual saving which is estimated at \$19,700 through revised staffing requirements.

183. Develop a coordinated service delivery plan in cooperation with district health departments.

The district health organizations and the department's regions were created to facilitate local design and coordination of human services programs. However, there is no single plan in existence to aid in the achievement of this goal. As a consequence, programs continue to be developed in isolation, duplicating efforts and utilizing resources ineffectively.

The Governor should require the formulation of a coordinated service delivery plan and budget for each of the state's seven district/regions. Proposals should take into consideration the impact of the recommended consolidation of the department's regional operations. Implementation would help eliminate current duplication and improve overall resource utilization.

184. Reduce the fiscal 1980 personnel allocation to reflect actual needs.

The department's budget for fiscal 1980 included an allocation for 186 positions which are not justified by existing work loads. In fiscal 1978 and 1979, similar requests were made and approved. The funds were later transferred to other areas such as capital outlays. This approach directly contradicts the purpose of budgetary controls and must be eliminated.

The first step would be to reduce the fiscal 1980 personnel allocation in line with actual needs. Implementation will result in an annual cost avoidance of \$1.8-million in state and \$1.3-million in federal funds. Second, department positions which remain vacant for longer than six months should be abolished in future budget requests. Finally, budget documents must reflect actual requirements. Capital requests should be properly identified and defended on their merits instead of being funded through transfers of surplus operating allocations.

185. Revise the department's personnel functions.

Both the Personnel Commission and the department's Bureau of Personnel are involved in recruiting activities and position classifications. As a result, duties are fragmented and accountabilities difficult to establish. It would be more efficient to consolidate all recruiting and classification responsibilities within the Personnel Commission. This could be accomplished by transferring the department's classification analysts to the commission and merging remaining bureau functions with the Bureau of Training under a single supervisor. The annual saving would amount to \$59,000 with an annual cost avoidance of \$16,300.

186. Revise staffing levels in the Bureau of Data Management.

Plans are being developed to move the document control and data entry functions for eligibility information from the central office to the regions. It is anticipated that only the document control personnel would be required to augment regional staffs. Therefore, four data entry positions in the Bureau of Data Management should be eliminated when the transfer is completed. The annual saving would amount to \$45,800.

187. Develop a standard accounting system for the department.

Each region, program and institution has its own accounting system to handle accounts receivable, cash receipts and uncollectible monies. Many of the procedures have been designed by individuals with limited accounting experience. The result is a lack of uniform data for control purposes.

The Department of Health and Welfare should establish standard accounting procedures to remedy the situation, utilizing expertise from the Department of Finance and the Legislative Auditor. In addition, a system should be established to record charges for all services provided to clients so that accurate program costs can be accumulated. The department will also be better able to monitor third-party collection efforts.

188. Delegate more responsibility for the allocation of funds to program administrators.

The department's Chief of Finance and Budget makes an initial allocation of appropriated funds to the various programs. Following this, the executive staff of 15 people meets for two days to negotiate distributions for the regional and central offices. Once the regional budget is determined, respective directors may transfer funds among programs subject to statutory limitations. Although funding requests presented to the Legislature are prepared by the various program administrators, they have limited control over the appropriated monies.

To streamline the current process and place fund control more appropriately, the involvement of the executive staff in budget allocations should be reduced. Instead, four people — a regional director, a division administrator, the bureau chief responsible for a specific area and the Chief of Finance and Budget — should meet to allocate funds for each program. These decisions would then be subject to final approval from the Director of Health and Welfare. These same individuals should also control fund transfers.

189. Establish a collection function in each region.

During fiscal 1978, the department charged off an estimated \$2.4-million in uncollectible accounts receivable. To reduce the amount of revenues being lost, a collection function should be established in each region. In addition to implementing appropriate recovery procedures, personnel would screen applicants for services by checking names through the department's uniform information system to identify prior delinquencies and arrange for payments.

190. Proceed with the conceptual design for an integrated information system for the department.

The Information Systems Planning Task Force completed an extensive identification of the department's data requirements in January 1978. However, little progress has been made since then in implementing the group's recommendations. Accurate, timely information is vital if department efficiency is to improve. Therefore, steps should be taken to complete the information systems plan in conformance with an overall state plan as soon as possible and establish a realistic implementation schedule.

191. Hold regular meetings between the State Auditor's and the department's data processing personnel.

Changes of equipment and software in the State Auditor's Computer Center can interrupt services provided to the Department of Health and Welfare. Regularly scheduled meetings are needed between personnel at the center and in the department's Bureau of Management Services to plan for equipment or systems alterations and to work out mutual problems. Agendas should include discussions of hardware and software modifications, new applications, operating environments and scheduling.

192. Establish approval procedures for data processing acquisitions.

Adequate procedures are not available to review user needs, identify automation requirements and establish development priorities. In many cases, equipment and software are purchased without adequate cost/benefit analyses, resulting in unnecessary costs.

The department's new Bureau of Management Information Systems should establish formal procedures for reviewing and implementing timely, cost-effective additions to its data processing equipment and software resources. This approach should include reviews by a steering committee composed of user representatives and chaired by the department's director. Members would be responsible for establishing overall management information goals and policies as well as identifying development priorities.

193. Improve the quality of systems analysis and design.

The dissatisfaction expressed with regard to the department's data processing services is primarily the result of approaches which do not adequately meet user needs. One consequence is the maintenance of manual procedures which duplicate computer programs because the information generated is not compatible. Such lack of responsiveness to user needs has tended to increase rather than decrease work loads.

In order to use data processing resources properly, a qualified systems analyst should be assigned to each major functional area — eligibility, social services and finance. These individuals would be located with the users they represent and would be responsible for liaison with the programming and computer operating staff. The analysts would be involved in all systems developments or modifications within the Department of Health and Welfare. Reviews of proposed changes would be conducted with all concerned to ensure alterations will serve user interests effectively.

194. Establish formal systems development methodologies.

The data processing systems currently in use by the department are the result of years of patchwork modifications. The lack of development documentation and standards for systems, programming, operation and user procedures has caused severe difficulties.

To remedy existing deficiencies, the department must establish a systems development methodology which includes eight specific steps as follows: fact finding, analysis, overall system design, program design, program coding, testing, implementation and maintenance. Each of these development areas must be supported by appropriate documentation to ensure better understanding of a specific system's functions and operation.

Division of Community Rehabilitation

This division operates four institutions to serve the needs of the mentally ill, physically or mentally disabled and juveniles convicted of serious criminal offenses. It is headed by an administrator who directs a central staff of nine. Division facilities include:

- State Hospital North: Located in Orofino, this facility offers in-patient care for the mentally disturbed, residential treatment for alcoholism and diagnostic services for juveniles. It has a staff of 73 and a patient population of 93. The hospital's fiscal 1980 appropriation amounts to slightly more than \$1.7-million.
- State Hospital South: This facility is situated at Blackfoot and also provides in-patient care for the mentally ill. It houses 204 patients and has a staff of 273. The fiscal 1980 appropriation is about \$5.3-million.
- Idaho State School and Hospital: Located in Nampa, the facility offers residential rehabilitation programs for mentally and physically disabled children and adults. Its population is 418 with a staff of 584. The fiscal 1980 appropriation amounts to approximately \$11-million.
- State Youth Services Center: The center is situated in St. Anthony and supplies detention and rehabilitation services for referred juveniles. It has 165 residents and a staff of 134. The center's fiscal 1980 appropriation is about \$5.3-million.

Recommendations

Overall, the division is fulfilling its mandate. However, its institutions do not have effective cost allocation systems. Some income could be realized through the disposal of surplus property while other changes are needed to improve various procedures.

195. Sell surplus land at two facilities.

Both the State Hospital South and the Idaho State School and Hospital have large amounts of surplus property under their control. Since the land in question will not be required for institutional purposes in the foreseeable future, it should be sold and returned to the tax rolls. The combined one-time income to be derived by the state is estimated at \$1.8-million for 375 acres at Blackfoot and 500 acres at Nampa.

196. Evaluate farm operations at the State Youth Center.

The combined crop and livestock operation at the center shows an annual loss of between \$10,000 and \$23,000 excluding the \$950,000 investment in land. While the farm operation is considered to have therapeutic value, only 20 residents can participate in the program at any one time.

Considering the substantial cost, a qualified group of individuals should form an ad hoc committee to evaluate the farm operations on a cost versus benefit basis, documenting its therapeutic value as well as potential treatment alternatives. The group should include representatives from the center as well as the Departments of Health and Welfare, Employment and Lands. Resulting recommendations should be reviewed by the division administrator and the Director of Health and Welfare.

197. Expand the accounting system used at State Hospital North.

A number of non-hospital activities are situated on this facility's campus. As a result, State Hospital North is involved in supplying various combinations of custodial, maintenance and utility services to its tenants. However, the present accounting system does not differentiate between hospital and non-hospital operating expenses.

To provide proper cost allocation, an individual from the Bureau of Finance and Budget should work with hospital personnel to define an account code structure and data collection system that can provide necessary information. Implementation would offer a basis for appropriate cost recovery procedures.

198. Identify cost-effective alternatives for obtaining laboratory and pharmacy services at State Hospital North.

At present, the hospital has one full-time and one part-time employee to handle its laboratory and pharmacy operations. Given the small size of these units, it might be more cost-effective to contract for necessary services from either the local community hospital or a commercial laboratory. A study should be undertaken to identify the possible alternatives on a cost versus benefit basis.

199. Charge non-patient tenants at State Hospital North for utilities.

There are 17 mobile homes and two houses situated at the hospital to provide residential facilities for personnel. Current charges for rent and utilities are extremely low.

A study should be undertaken to determine if the potential revenue would justify the expense of installing electric meters to monitor utility usage. The one-time cost is estimated at \$4,300 while the annual income should amount to \$9,600 for the mobile homes and two houses.

200. Institute an effective preventive maintenance program at State Hospital South.

Current maintenance activities are not properly executed and there is no effective program for long-range facility planning or preventive maintenance. Considering the substantial investment involved, the following actions should be taken to improve plant maintenance activities:

- ☐ Retain a qualified individual to head the facility management function.
- ☐ Develop a work order system to identify labor and material expenditures by category. This would provide appropriate planning and control factors for major jobs.
- ☐ Institute a preventive maintenance program.
- ☐ Assign emergency repair work to a specific individual.
- ☐ Prepare a long-range facility maintenance plan once the contracted engineering study now underway is completed.

Implementation will help preserve the life of this facility and should substantially reduce overall maintenance expenditures.

201. Reduce the number of vehicles and pieces of farm equipment at the Idaho State School and Hospital.

The school and hospital has 55 motor vehicles, ranging from sedans to 60-passenger buses, as well as a considerable amount of farm equipment. Two people are involved in servicing these units and dispatching activities although many of the vehicles are underutilized.

To improve resource allocation, three of the buses should be sold and the farm equipment and vehicles reassigned to the Department of Corrections. The annual saving is estimated at \$12,800 based on current costs. No specific income is claimed for sale of the buses.

Division of Environment

The Division of Environment regulates and monitors sources of potential or actual pollution. It has a staff of 112, supervised by the Director of Environment. The fiscal 1980 appropriation amounts to almost \$3.3-million. An additional \$7.5-million has been allocated to provide state funds for possible construction of additional sewage treatment facilities. Financing would be provided on a matching basis with 75% federal, 15% state and 10% local monies.

Organizationally, the division includes four bureaus: Air Quality, Water Quality, Environmental Health and Regional Environmental Services. The Air and Water Quality Bureaus are responsible for drafting recommended legislation, administering government grants, advising public and private agencies on environmental concerns and prosecuting polluters. Activities of the Environmental Health Bureau are to be absorbed by the other units in the division following its elimination by the Legislature. Personnel in Regional Environmental Services gather data in the field and make on-site inspections to ensure compliance with environmental regulations.

Recommendation

In general, this division is organized properly to carry out its responsibilities. Some economies could be realized in the area of public relations.

202. Reassign public relations duties.

The division now employs an information specialist. However, the public relations activities required in this organization are not sufficient to warrant a full-time position. The post should be eliminated and the activity absorbed by the public information coordinator for the department. Implementation will provide an annual saving of \$15,500.

Division of Health

The objective of the division is to cooperate with private and government entities in programs to establish high standards of health for the citizens of Idaho.

The chief operating officer is an administrator who supervises a staff of 271. The fiscal 1980 appropriation amounts to slightly more than \$17-million. Organizationally, the division includes seven bureaus:

- ☐ Substance Abuse: Provides counseling and treatment programs for persons with alcohol or drug related problems.
- ☐ Laboratories: Performs all tests for state and district health departments as well as local and state law enforcement agencies.

- ☐ Child Health: Offers various types of programs and services related to child health care.
- ☐ Health Care Services: Licenses hospitals, nursing homes and similar facilities and monitors services provided under Medicaid and Medicare.
- ☐ Emergency Medical Services: Responsible for developing a statewide system of care for critically injured or ill persons.
- ☐ Preventive Medicine: Administers programs to decrease the incidence of chronic and communicable diseases.
- ☐ Vital Statistics: Registers all births, deaths, abortions, marriages and divorces occurring within the state.

Recommendation

The Division of Health is functioning effectively and fulfilling its major responsibilities. However, some overlapping is evident in regard to dairy facility and production inspections.

203. Consolidate the state's dairy inspection and testing functions in the Department of Agriculture.

At present, both the Department of Agriculture and the Division of Health are responsible for various inspection and testing activities related to dairy products and facilities. This overlapping is inefficient and results in additional operating costs. Consolidating these activities in the Department of Agriculture would provide an annual saving of \$39,200 through personnel reductions.

Division of Welfare

The Division of Welfare provides financial, medical and social services to eligible recipients. It is headed by a director who supervises 136 people in the central office and 663 employees located in seven regional facilities. The fiscal 1980 appropriation amounts to almost \$94-million. Organizationally, the division includes the following bureaus:

- ☐ Research and Statistics: Collects and analyzes programs and other operating data for purposes of completing reports.
- ☐ Support Enforcement: Attempts to obtain child support payments from absent parents.
- ☐ Social Services: Administers the youth rehabilitation program, licenses day and foster care placements, documents financial payments for child care services and handles adoptions, child protection and the Work Incentive (WIN) program.
- ☐ State Economic Opportunity: Provides assistance to six community action agencies in the state.
- ☐ Financial Assistance: Administers payments to eligible recipients under various financial aid programs.

Recommendations

- ☐ Medical Assistance: Responsible for the state's Medicaid program.

Overall efficiency could be substantially improved through changes in organization structure and staffing patterns. Central office functions which are contracted to private service providers appear poorly defined and excessively expensive. Some fee revisions are also needed.

204. Revise division staffing patterns.

An evaluation of division work loads indicates several instances of overstaffing or poor utilization of personnel resources. To reduce current operating expenditures and ensure appropriate use of employee capabilities, the following changes should be made:

- ☐ Combine two current supervisory positions into a single post of data control manager within the Bureau of Benefits Payment.
- ☐ Eliminate the position of training coordinator in the Bureau of Social Services and reallocate instruction activities to the department's Bureau of Personnel Management.
- ☐ Consolidate the responsibilities of the state youth rehabilitation coordinator and the state child care coordinator to eliminate functional duplication. A similar merger should be carried out to combine duties of the state adoption coordinator and the state child protection coordinator.
- ☐ Transfer responsibilities assigned to the Bureau of State Economic Opportunity to the Bureau of Social Services and reduce the consolidated staff by two positions.
- ☐ Eliminate the posts of account technician and account clerk since only minimal processing is needed for the revised food stamp program.

Implementation of these staffing alterations would provide an annual saving totaling \$136,100.

205. Establish a fee for state-matched adoption services.

An estimated \$500,000 was spent by the state in fiscal 1978 to arrange 118 adoptions. Most of the money was required for investigations of prospective parents to facilitate a good match between these individuals and the child to be adopted. Although there is a substantial demand for this service, no fees are charged to offset expenditures.

To help defray growing costs, a reimbursement of \$600 should be assessed for each state-arranged adoption as is the policy in Utah. The annual income would be approximately \$70,800.

206. Merge the Bureaus of Financial and Medical Assistance.

Each of these bureaus disburses money to eligible recipients and service providers. In many cases, persons receiving financial benefits are also getting medical payments. Integrating these units into a single Bureau of Benefits Payment would reduce staffing requirements and ensure appropriate program coordination. The annual saving through elimination of three positions would amount to \$46,600.

207. Improve administration of the WIN program.

WIN is a cooperative effort between the Department of Employment and the Department of Health and Welfare to find work for qualified welfare recipients. Federal regulations require that the departments establish separate administrative units with some form of centralized policy control. Local service offices utilizing staff from both departments are encouraged.

At present, Idaho has neither centralized program authority nor an effective system of co-located local offices. Steps should be taken by the directors of both departments to create a separate, centralized administrative unit for the WIN program. In addition, a co-located WIN office should be established in each regional job service center, staffed by personnel from the two departments. Implementation will establish clear lines of responsibility and help improve current service delivery levels.

208. Improve the division's cost allocation procedures for pre-examination claims processing.

The Medicaid Management Information System is handled by a service provider under a contract due to expire in 1980. However, contract provisions exclude certain functions associated with pre-examination claims processing. As a result, the department has had to assume these activities at an annual cost of \$111,000 including telephone expenses for a claim inquiry hotline. When the contract is renewed, it should be altered to encompass these processing activities. Elimination of seven division positions and the telephone inquiry service will provide an annual saving of \$111,000.

Department of Employment

The Department of Employment is responsible for administering the state's unemployment compensation program and providing job placement services. It also administers the federal program established under CETA.

Present Operations

The Director of Employment is the chief operating officer in the department and reports directly to the Governor. The department's fiscal 1980 appropriation is set at \$78-million while employment is authorized at the equivalent of 758 full-time positions.

Major programs include Unemployment Insurance which accounts for 53% of the department's budget, CETA which receives 36% and other activities such as Work Incentive and employee service grants which account for the remaining 11%. Organizationally, the department consists of three divisions — Administrative Services, Job Services and Unemployment Insurance — plus five small staff groups including the Management Analysis Bureau.

Recommendations

The department is basically well run with managers taking positive steps to resolve difficulties as they occur. However, there is a definite need for action in regard to data processing capabilities. Although existing hardware is considered inadequate for projected requirements, an overall plan has not been developed. In addition, current procedures should be analyzed to simplify work flow and improve processing efficiency.

209. Establish a data processing task force and steering committee.

The department spends more than \$11-million annually on administrative services. Since information processing is a vital part of good administration, it is essential that user needs be clearly defined and appropriate processing priorities established. Existing hardware is considered inadequate for projected work loads, but the department does not have sufficient information to formulate a comprehensive plan to enhance its data processing capabilities. A task force has been established to address these problems, but they are not in a position to decide policy matters such as application criteria and project priorities.

Two distinctly different issues must be addressed — policy and operations — and two separate committees should be formed to develop appropriate action plans. The first would be a data processing task force. It would be composed of analysts and others from the service delivery and staff organizations as well as data processing experts. This group would identify specific problems where data processing applications would be appropriate. It would also develop workable alternatives and provide cost/benefit comparisons including necessary documentation to implement an application.

The second group would be a data processing steering committee. It would include the department's director, three division administrators and the chief of the Management Analysis Bureau. These individuals would establish data processing policies and priorities, providing direction to the task force and setting milestones for specific accomplishments. They would also determine which applications should be pursued.

The following are some areas which should receive primary consideration by the steering committee and the task force:

- ☐ Relocation of data entry and integrity responsibilities to local offices where information originates.
- ☐ Establishment of a single data entry operation for common elements of the Unemployment Insurance Employment Service and CETA programs.
- ☐ Elimination of CETA participant and unemployment claimant files in the Boise office once computer records are established.
- ☐ Consideration of various options for updating computer files to ensure maximum efficiency.
- ☐ Development of a funding approach to include CETA in department data processing activities.
- ☐ Continuation of current plans to eliminate hard copy documentation in the Boise office.

Implementation should result in improved response time and elimination of redundant activities. Lower unit processing costs are also anticipated.

210. Conduct methods improvements studies to simplify work procedures.

Little effort has been made to analyze working procedures in the department with the overall objective of simplifying activities whenever possible. This is

extremely important since the absence of such evaluations results in fragmented operations, redundancy and inefficient processing.

Three senior management analysts in the Management Analysis Bureau should be assigned to the Field Service Bureau of the Job Services Division to conduct methods improvement studies. They would approach the problem from individual work stations at the local offices and analyze systems flow back to the appropriate staff organizations. Recommended changes in procedure should be completely documented and sufficiently detailed for effective implementation. The bureau's remaining three analysts should work with the other two divisions to perform similar studies.

Implementation would eliminate the need for two supervisory positions and a secretarial post. The annual saving would amount to \$41,000 while the annual cost avoidance would be \$27,700. Both are federal benefits.

211. Evaluate the efficiency of the central office.

Some duplications of effort and administrative duties exist in the department's Boise office. For example, the Personnel Bureau and Staff Development and Training Bureau are organized as separate staff functions although they have comparable responsibilities. Their total employment is 15 which appears excessive. Other operations such as the Planning, Research and Evaluation Bureau appear to have unwarranted numbers of supervisory personnel.

To ensure overall efficiency, the department should conduct a comprehensive evaluation of its central administrative organization. The first step would be to determine the purpose of each organizational unit and its role in the department's service delivery system. Next, the potential for combining functions should be explored as well as the need for current levels of supervisory and support personnel. Finally each job assignment should be reviewed to determine the possibility for consolidating responsibilities in order to improve personnel utilization. Although no specific benefits are claimed, savings to the state could be substantial.

212. Consolidate two existing bureaus.

The Personnel and Staff Development and Training Bureaus in the department carry out related functions and are small enough to be administered effectively as a single unit. Staffing for the proposed bureau would encompass one chief, a personnel technician, four training coordinators, four clerks and a secretary. The two analysts now in the Personnel Bureau who document position classifications should be transferred to the Personnel Commission to eliminate functional redundancy. Elimination of the two other positions — a chief and a secretary — would provide a combined annual saving of \$42,500 in federal funds.

IDAHO

*Governor's Management Task Force
Final Report and Recommendations*

Section II

Digest

of

Recommendations

Digest of Recommendations

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
Office of the Governor			
1. Redefine staff coordination and liaison responsibilities in the Office of the Governor.	Executive	Annual Cost	\$ 36,800
2. Revise the office layout.	Executive		
3. Increase participation in the State Executive Institute.	Executive	Annual Cost	\$ 68,000
4. Utilize annual objectives with quarterly progress reports.	Executive		
5. Develop written job descriptions.	Executive		
6. Prepare a procedures manual for staff use.	Executive		
Division of Budget, Policy Planning and Coordination			
7. Revise the functional responsibilities of the division.	Constitutional		
8. Implement more effective expenditure controls.	Legislative		
9. Provide instruction on zero-based and incremental budgeting to agency and legislative personnel.	Executive		
10. Define major policies in advance of the budget preparation cycle.	Executive		
11. Improve the effectiveness of budget control reports.	Executive		
12. Revise procedures for evaluating annual performance.	Executive		
13. Include department directors in budget review sessions.	Executive		
14. Provide more data processing support for budget preparation.	Executive	One-Time Cost	\$ 20,000
15. Simplify budget request forms.	Executive		
16. Relocate the Peace Officers Standards and Training Academy.	Executive	One-Time Cost Avoidance	\$ 5,000
Office of Energy			
17. Revise the state energy plan.	Legislative	Annual Cost	\$ 69,000

RECOMMENDATIONS

ACTION
REQUIREDFINANCIAL
IMPACTESTIMATED
AMOUNT**Division of Tourism and Industrial Development**

18. Develop a statewide economic planning function. Executive

Public Employee Retirement System

- | | | | |
|---|-----------|---------------|-----------|
| 19. Restructure the central office organization. | Executive | Annual Saving | \$ 63,500 |
| 20. Set guidelines for fund investment returns. | Executive | | |
| 21. Expedite system deposits. | Executive | Annual Income | \$ 69,000 |
| 22. Modify procedures for handling separation payments. | Executive | Annual Saving | \$ 14,600 |
| 23. Require disability retirees to supply continuing medical documentation. | Executive | | |

Liquor Dispensary

- | | | | |
|---|-----------|---------------|-----------|
| 24. Reorganize the Liquor Dispensary. | Executive | Annual Cost | \$ 10,600 |
| 25. Separate retail and wholesale functions. | Executive | Annual Saving | \$395,500 |
| 26. Streamline inventory controls and reduce supply levels. | Executive | Annual Saving | \$ 48,600 |
| | | Annual Income | \$300,000 |
| 27. Convert appropriate state stores to agencies. | Executive | Annual Saving | \$392,000 |
| 28. Modernize retail store operations. | Executive | | |
| 29. Establish specific performance standards to evaluate the dispensary's superintendent. | Executive | | |
| 30. Adopt a new purchasing system. | Executive | Annual Saving | \$ 12,600 |
| 31. Revise dispensary purchase order forms. | Executive | | |

State Insurance Fund

32. Analyze the fund's future data processing requirements. Executive

Endowment Fund Investment Board

- | | | | |
|---|-----------|----------------------------|-----------|
| 33. Improve annual performance reporting. | Executive | | |
| 34. Formulate realistic budgets for data processing systems development and operations. | Executive | One-Time
Cost Avoidance | \$ 11,300 |

Office on Aging

- | | | | |
|--------------------------------------|-----------|---------------|-----------|
| 35. Restructure the Office on Aging. | Executive | Annual Saving | \$ 26,500 |
|--------------------------------------|-----------|---------------|-----------|

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
Commission on Human Rights			
36. Decrease case closure time.	Executive		
37. Establish performance objectives.	Executive		
Commission for the Blind			
38. Reduce the staff by one position.	Executive	Annual Saving	\$ 21,800
39. Obtain reimbursement for small business expenditures.	Executive		
40. Discontinue bid solicitations by commission personnel.	Executive		
Commission on Women's Programs			
41. Evaluate the effectiveness of the commission.	Legislative		
42. Review representation on this committee to ensure its membership is appropriate.	Executive		
Military Division			
43. Accelerate the program to reduce the number of state armories.	Executive	Annual Saving	\$ 4,500
		One-Time Income	\$150,000
44. Determine alternate energy sources for heating Gowen Field buildings.	Executive	One-Time Cost	\$ 50,000
Lieutenant Governor			
45. Increase the involvement of the Lieutenant Governor in gubernatorial duties and activities.	Executive		
Attorney General			
46. Increase effectiveness of field support staff.	Executive		
47. Establish a central filing system.	Executive		
Secretary of State			
48. Increase fees for copies of corporate data.	Executive	Annual Income	\$ 5,400
State Auditor			
49. Redefine the State Auditor's responsibilities.	Constitutional		

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
Pre-Audit and Accounting			
50. Revise the current organization structure.	Executive	Annual Saving	\$ 58,700
		One-Time Income	\$ 2,000
51. Publish a state accounting manual.	Executive	One-Time Cost	\$ 20,000
52. Include depreciation information on property and equipment in the state accounting system.	Executive		
53. Revise procedures for paying social security taxes.	Legislative	Annual Saving	\$ 32,000
54. Eliminate pre-audit duplications.	Executive	Annual Saving	\$ 40,000
55. Eliminate redundant keypunching.	Executive	One-Time Cost	\$ 5,000
56. Disburse payroll warrants directly.	Executive		

Computer Center

57. Relocate the center.	Executive
58. Prepare a comprehensive operating plan for the center.	Executive
59. Establish an implementation date for the employee information system.	Executive
60. Separate the systems analysis and computer programming functions.	Executive
61. Strengthen management control of data entry operations.	Executive

Data Processing

62. Create a Department of State Information Systems.	Legislative
63. Require all data centers to prepare written operating plans.	Executive
64. Develop a master plan for the state.	Executive
65. Transfer the auditor's computer operations to the proposed Department of State Information Systems.	Constitutional
66. Revise accounting and budgeting controls related to data processing.	Executive
67. Improve the quality of systems analysis and design.	Executive
68. Review package systems before purchasing.	Executive
69. Implement procedures to ensure cost-effective data communications networks.	Executive

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
70. Use existing authority to defer development of new computer centers.	Executive		
Department of Administration			
71. Automate the accounts receivable billing process.	Executive	Annual Saving One-Time Cost	\$ 12,000 \$ 3,400
72. Permit interaccount billing for insurance costs.	Legislative		
73. Allow agencies to purchase postage directly.	Legislative		
Division of General Services			
74. Centralize state printing activities.	Legislative	Annual Saving	\$268,500
75. Implement a comprehensive records management program.	Legislative	Annual Cost One-Time Cost	\$ 11,000 \$ 31,000
76. Consolidate record microfilming activities.	Legislative		
77. Develop a statewide radio communications plan.	Executive	Annual Cost	\$ 25,000
78. Pre-sort first class mail.	Executive	Annual Saving	\$ 12,000
Division of Public Works			
79. Develop a comprehensive facilities management information system.	Executive		
80. Improve procedures for evaluating space requirements.	Executive		
81. Resolve inconsistencies in current building codes.	Legislative		
82. Centralize approval controls for new construction.	Legislative		
83. Improve expenditure controls on construction projects.	Executive		
84. Contract for private janitorial services.	Executive	Annual Saving	\$ 31,100
Division of Purchasing			
85. Restructure the state's purchasing function.	Executive	Annual Saving	\$207,100
86. Revise purchasing legislation.	Legislative		
87. Streamline buying procedures.	Executive		
88. Establish performance objectives and monitor progress through periodic audits of the purchasing function.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
89. Initiate a buyer development program in the division.	Executive	Annual Cost	\$ 5,000
90. Improve fleet operations.	Executive	Annual Saving	\$464,400
91. Revise current vehicle reimbursement policies.	Legislative		
92. Implement an integrated billing and inventory control system.	Executive	Annual Saving One-Time Cost	\$ 9,900 \$ 5,000
93. Discontinue the state's computerized property inventory.	Legislative		

Personnel Commission

94. Expand the jurisdiction of the Personnel Commission.	Legislative		
95. Reassign total recruitment responsibility to the commission.	Legislative		
96. Transfer department personnel analysts to the commission.	Executive		
97. Assist agencies in implementing mandated performance evaluations.	Executive		

Department of Revenue and Taxation

98. Allow the federal government to administer the state's individual income tax returns.	Legislative	Annual Saving	\$1.2-million
99. Establish an Administrator of Revenue and Taxation.	Constitutional	Annual Cost	\$ 26,900
100. Require full disclosure of market values in all property transactions.	Legislative	Annual Saving	\$126,700
101. Combine the Bureaus of Audits and Field Services.	Executive	Annual Saving	\$ 30,900
102. Increase staff in the Employer Withholding Section.	Executive	Annual Income	\$ 30,000
103. Reclassify two positions in Miscellaneous Taxes.	Executive	Annual Saving	\$ 22,700
104. Implement standard procedures in the department for systems development and documentation.	Executive		
105. Provide reports on actual productivity.	Executive		
106. Improve the work layout in the Bureau of Revenue Operations.	Executive	One-Time Cost	\$ 20,000

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
Public Utilities Commission			
107. Restructure the Public Utilities Commission.	Executive	Annual Saving	\$ 27,800
		Annual Cost Avoidance	\$112,600
108. Improve complaint handling procedures.	Executive	Annual Saving	\$ 14,000
109. Sublet surplus office space.	Executive	Annual Income	\$ 60,800
Department of Finance			
110. Increase fees to help defray expenses.	Legislative	Annual Income	\$130,000
111. Realign certain activities to improve efficiency.	Executive	Annual Saving	\$ 46,300
Department of Insurance			
112. Restructure the department on a functional basis.	Executive		
113. Extend licensing periods and reduce the number of renewal notices.	Legislative	Annual Saving	\$ 18,400
114. Study the feasibility of automating the licensing/appointment process.	Executive		
Department of Labor and Industrial Services			
115. Assess hearing and processing fees in connection with wage law violations.	Legislative	Annual Income	\$ 40,000
116. Revise department staffing levels.	Executive	Annual Cost Avoidance	\$126,900
117. Issue biennial licenses.	Executive	Annual Saving	\$ 12,000
118. Simplify the permit issuance process.	Executive	Annual Cost Avoidance	\$ 11,600
119. Improve utilization of department vehicles.	Executive	Annual Cost Avoidance	\$ 8,300
Department of Agriculture			
120. Adjust license and audit fees.	Legislative	Annual Income	\$201,300
121. Establish a fee based on head counts for slaughtering licenses.	Executive	Annual Income	\$120,000
122. Charge for optional laboratory tests.	Executive	Annual Income	\$280,000
123. Increase fees for testing, inspection, certification and licensing.	Executive	Annual Income	\$ 78,000
124. Implement a centralized management information system.	Executive	Annual Saving	\$ 14,700
		One-Time Cost	\$ 5,000
125. Centralize license renewal functions.	Executive	Annual Saving	\$ 24,300

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
126. Consolidate the department's public relations and marketing functions.	Executive	Annual Saving	\$ 23,600
127. Improve space utilization.	Executive		
Department of Fish and Game			
128. Separate line and staff functions in the department.	Executive	Annual Saving	\$ 26,600
129. Bill license vendors monthly.	Executive	Annual Income	\$ 50,100
130. Improve fleet management procedures.	Executive	Annual Saving One-Time Income	\$ 5,700 \$ 11,700
131. Formulate a land utilization program.	Executive		
132. Increase rents for department housing.	Executive	Annual Income	\$ 19,500
Department of Parks and Recreation			
133. Reorganize and structure the Department of Parks and Recreation along functional lines.	Executive	Annual Saving	\$ 73,200
134. Incorporate Lava Hot Springs Park into the department.	Legislative	Annual Saving	\$ 1,400
135. Establish day-use charges at state parks.	Executive	Annual Income One-Time Cost	\$331,000 \$ 21,000
136. Reduce the number of vehicles assigned to the south region.	Executive	Annual Saving One-Time Cost Avoidance	\$ 12,200 \$ 26,200
137. Increase residential rents.	Executive	Annual Income	\$ 13,100
Department of Lands			
138. Restructure the Department of Lands.	Executive	Annual Saving	\$189,500
139. Increase timber sales.	Executive	Annual Income	\$4.98-million
140. Evaluate vehicle records annually.	Executive		
Department of Water Resources			
141. Reorganize the Department of Water Resources.	Executive	Annual Saving	\$118,200
142. Revise staffing levels in the Economics Section.	Executive	Annual Saving	\$ 72,200
Transportation Department			
143. Improve evaluation techniques for proposed projects.	Executive	Annual Saving	\$807,200

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
144. Upgrade the department's data processing operations.	Executive		
145. Inventory the department's real property assets.	Executive		
146. Transfer two analysts to the Personnel Commission.	Executive		
Division of Highways			
147. Restructure the division to eliminate duplications.	Executive	Annual Saving	\$256,500
148. Set realistic inventories for the materials reserve program.	Executive	Annual Cost Avoidance	\$150,000
149. Phase out positions associated with implementation of the Highway Beautification Act.	Executive	Annual Saving	\$166,200
Division of Aeronautics and Public Transportation			
150. Improve utilization of aircraft resources.	Executive		
151. Revise division fees.	Legislative	Annual Income	\$ 20,000
Bureau of Management and Planning			
152. Cancel additional highway testing activities.	Executive	Annual Cost Avoidance	\$ 40,500
		One-Time Cost Avoidance	\$ 22,100
Bureau of Administration			
153. Realign staff responsibilities in the Procurement and Materials Management Section.	Executive		
154. Eliminate the central warehouse.	Executive	Annual Saving	\$ 58,700
155. Contract for custodial and grounds maintenance services.	Executive	Annual Saving	\$111,000
Department of Corrections			
156. Expand the work release program.	Legislative	Annual Saving	\$324,600
157. Transfer responsibility for prison farm operations.	Executive	Annual Saving	\$130,000
158. Sell surplus milk to other state institutions.	Executive	Annual Income	\$ 61,200
		One-Time Cost	\$ 27,000
159. Eliminate the Industries Commission.	Legislative		
160. Create an Industrial Advisory Board to help improve the state's prison industry program.	Executive		

RECOMMENDATIONS

ACTION
REQUIREDFINANCIAL
IMPACTESTIMATED
AMOUNT**Department of Law Enforcement**

161. Reduce the current span of control. Executive

Administrative Services Division

162. Restrict training to job-related instruction. Executive
163. Provide management reports on vehicle usage. Executive
164. Automate the central inventory records. Executive

Police Services Division

165. Revise selected provisions of the liquor code. Legislative

State Police Division

166. Develop a planned maintenance program. Executive
167. Replace division vehicles more often. Executive

Motor Vehicle Division

- | | | | |
|--|-------------|-----------------------|-----------|
| 168. Simplify the fuel and mileage tax structure. | Legislative | Annual Income | \$810,000 |
| 169. Update division fee schedules. | Legislative | Annual Income | \$ 48,000 |
| 170. Computerize additional functions in the Motor Vehicle Division. | Executive | Annual Cost | \$ 65,800 |
| | | One-Time Cost | \$625,800 |
| 171. Simplify the division's reporting structure. | Executive | | |
| 172. Do not fill present vacancies. | Executive | Annual Cost Avoidance | \$ 49,500 |

Weigh Station Division

- | | | | |
|---|-------------|---------------|-----------|
| 173. Establish an agreement with the State of Oregon as part of a stronger enforcement program. | Legislative | Annual Income | \$108,000 |
| | | One-Time Cost | \$184,000 |
| 174. Implement the proposed weighing-in-motion program. | Executive | One-Time Cost | \$520,000 |
| 175. Replace certain positions with clerical personnel. | Executive | Annual Saving | \$ 9,000 |

State Board of Education

176. Establish a Division of Management Services in the Department of Education. Executive
177. Use cooperative arrangements to eliminate program duplications. Executive
178. Improve the basis for determining financial need. Executive

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
179. Consolidate the State Board of Education's Disability Determinations Unit and Vocational Rehabilitation.	Executive	Annual Saving	\$ 33,600
180. Provide a detailed analysis of current library staffing and service levels.	Executive		

Department of Health and Welfare

181. Consolidate the human services regions.	Executive	Annual Saving	\$587,800
182. Reorganize the department.	Executive	Annual Saving	\$ 19,700
183. Develop a coordinated service delivery plan in cooperation with district health departments.	Executive		
184. Reduce the fiscal 1980 personnel allocation to reflect actual needs.	Executive	Annual Cost Avoidance Annual Cost Avoidance (Federal)	\$1.8-million \$1.3-million
185. Revise the department's personnel functions.	Executive	Annual Saving Annual Cost Avoidance	\$ 59,000 \$ 16,300
186. Revise staffing levels in the Bureau of Data Management.	Executive	Annual Saving	\$ 45,800
187. Develop a standard accounting system for the department.	Executive		
188. Delegate more responsibility for the allocation of funds to program administrators.	Executive		
189. Establish a collection function in each region.	Executive		
190. Proceed with the conceptual design for an integrated information system for the department.	Executive		
191. Hold regular meetings between the State Auditor's and the department's data processing personnel.	Executive		
192. Establish approval procedures for data processing acquisitions.	Executive		
193. Improve the quality of systems analysis and design.	Executive		
194. Establish formal systems development methodologies.	Executive		

Division of Community Rehabilitation

195. Sell surplus land at two facilities.	Executive	One-Time Income	\$1.8-million
196. Evaluate farm operations at the State Youth Center.	Executive		

RECOMMENDATIONS	ACTION REQUIRED	FINANCIAL IMPACT	ESTIMATED AMOUNT
197. Expand the accounting system used at State Hospital North.	Executive		
198. Identify cost-effective alternatives for obtaining laboratory and pharmacy services at State Hospital North.	Executive		
199. Charge non-patient tenants at State Hospital North for utilities.	Executive	Annual Income One-Time Cost	\$ 9,600 \$ 4,300
200. Institute an effective preventive maintenance program at State Hospital South.	Executive		
201. Reduce the number of vehicles and pieces of farm equipment at the Idaho State School and Hospital.	Executive	Annual Saving	\$ 12,800
Division of Environment			
202. Reassign public relations duties.	Executive	Annual Saving	\$ 15,500
Division of Health			
203. Consolidate the state's dairy inspection and testing functions in the Department of Agriculture.	Legislative	Annual Saving	\$ 39,200
Division of Welfare			
204. Revise division staffing patterns.	Executive	Annual Saving	\$136,100
205. Establish a fee for state-matched adoption services.	Executive	Annual Income	\$ 70,800
206. Merge the Bureaus of Financial and Medical Assistance.	Executive	Annual Saving	\$ 46,600
207. Improve administration of the WIN program.	Executive		
208. Improve the division's cost allocation procedures for pre-examination claims processing.	Executive	Annual Saving	\$111,000
Department of Employment			
209. Establish a data processing task force and steering committee.	Executive		
210. Conduct methods improvements studies to simplify work procedures.	Executive	Annual Saving (Federal) Annual Cost Avoidance (Federal)	\$ 41,000 \$ 27,700
211. Evaluate the efficiency of the central office.	Executive		
212. Consolidate two existing bureaus.	Executive	Annual Saving (Federal)	\$ 42,500

IDAHO

*Governor's Management Task Force
Final Report and Recommendations*

Section III

*Sponsoring
Organizations*

Sponsoring Organizations

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